



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, November 15, 2017

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))

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on October 18, 2017 –
APPROVE

CA

- 4) Proposed retroactive Agreement with CareFusion Solutions, LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of Pyxis® medication dispensing units from November 7, 2017 through November 6, 2022, in an amount not to exceed \$2,575,260 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 5) Proposed First Amendment to Operating Agreement of Kern Medical Surgery Center, LLC, by Kern County Hospital Authority, in its capacity as the sole member, revising Exhibit "A" to reflect all capital contributions, increasing the cash contribution by \$500,000, from \$1,500,000 to \$2,000,000, and adding in-kind contributions, including but not limited to, legal, financial, management, administrative, contracting, lease agreement, equipment, and insurance, effective November 15, 2017 –
MAKE FINDING AGREEMENT COMPLIES WITH INTERNAL REVENUE SERVICE PLR-138562-15, DATED MAY 25, 2016, AND CHAPTER 2.170 OF THE KERN COUNTY ORDINANCE CODE; APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 2016-072 with Arman G. Froush, D.O., a contract employee, for professional medical services in the Department of Radiology, for the period January 21, 2017 through January 20, 2020, revising payment for excess call coverage, and increasing the maximum payable by \$395,000, from \$1,880,000 to \$2,275,000, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed retroactive Agreement with James E. Thompson, Inc., doing business as JTS Construction, an independent contractor, for construction management services related to the NOC IT hub at Sagebrush Medical Plaza, effective October 17, 2017, in an amount not to exceed \$717,500 –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed retroactive Amendment No. 5 to Agreement 472-2009 with Morrison Management Specialists, Inc., an independent contractor, for management of the dietary and food and nutrition services departments, extending the term from June 27, 2018 through June 30, 2023, adding one clinical dietitian, revising the cost of services, and increasing the maximum payable by \$6,434,394, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed retroactive Amendment No. 1 to Agreement 26716 with Naheedy and Zarandy Medical Group, Inc., an independent contractor, for professional medical services in Department of Radiology, for the period November 1, 2016 through October 31, 2018, adding payment for excess coverage, and increasing the maximum payable by \$80,000, from \$570,000 to \$650,000, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed selection of Milliman, an independent contractor, to recommend an alternate retirement plan for Kern Medical employees hired on or after July 1, 2018 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO DEVELOP AGREEMENT

CA

- 11) Proposed Resolution establishing meeting dates of the Kern County Hospital Authority Board of Governors for calendar year 2018 –
APPROVE; ADOPT RESOLUTION

CA

- 12) Proposed retroactive Resolution authorizing the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, and Director of Finance, to establish one or more zero balance accounts with banking and investment institutions and sign banking instruments, effective July 1, 2016 –
APPROVE; ADOPT RESOLUTION

CA

- 13) Proposed Agreement with Bradley J. Phillips, M.D., a contract employee, for professional medical services in the Department of Surgery from November 15, 2017 through November 14, 2020, in an amount not to exceed \$2,400,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 14) Proposed retroactive rescission of Agreement 2017-42 with Aisha W. Shaheen, M.D., a contract employee, for professional medical services in the Department of Surgery, effective September 15, 2017 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN AND ISSUE NOTICE OF RESCISSION

CA

- 15) Request to employ retired Kern County Hospital Authority employee Anna Rippy, as Extra Help Hospital Staff Nurse II, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective November 16, 2017 –
APPROVE

- 16) Proposed Agreements (Schedule No. 3, Schedule No. 4, Sales Order 1-65FB0P5, Sales Order 1-63XGF18) with Cerner Corporation, an independent contractor, containing nonstandard terms and conditions, for purchase of the Cerner electronic health record from November 15, 2017 through November 14, 2024, in an amount not to exceed \$38,776,601 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

- 17) Proposed Agreement with IBM Credit LLC, an independent contractor, for financing of the Cerner electronic health record from November 15, 2017 through November 14, 2020, in an amount not to exceed \$5,565,720 –
APPROVE; ADOPT RESOLUTION; AUTHORIZE CHAIRMAN TO SIGN

- 18) Proposed Agreements (P201710019602, IWS-249098, IWS-249089, IWS-248055, IWS-166248) with McKesson Technologies LLC, an independent contractor, for purchase of the picture archiving and communication system (PACS) from November 15, 2017 through November 14, 2024, in an amount not to exceed \$4,541,460 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 19) Kern County Hospital Authority Chief Financial Officer report –
RECEIVE AND FILE
 - 20) Kern County Hospital Authority Chief Executive Officer report –
RECEIVE AND FILE
- CA
- 21) Claims and Lawsuits Filed as of October 31, 2017 –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 22) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 23) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 24) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, DECEMBER 13, 2017, 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.

21) CLAIMS AND LAWSUITS FILED AS OF OCTOBER 31, 2017 –
RECEIVE AND FILE

- A) Claim in the matter of KAPSIS Investments, Inc. v. Kern County Hospital Authority
- B) Claim in the matter of Aaron Ford v. County of Kern
- C) Amended Civil Rights Complaint in the matter of Cosmé Presas v. County of Kern, et al., United States District Court, Case No. 1:13-cv-02038-DAD-SKO
- D) First Amended Complaint in the matter of Johnnie H. Jackson v. County of Kern, et al., Kern County Superior Court, Case No. BCV-16-102723 SPC
- E) Complaint in the matter of John Scalia, et al. v. County of Kern, et al., United States District Court, Case No. 1:17-cv-01097-LJO-SKO



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, October 18, 2017

11:30 A.M.

BOARD RECONVENED

Directors present: Berjis, Bigler, Lawson, McGauley, McLaughlin, Pelz
Directors absent: 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))

CHAIRMAN BIGLER AND DIRECTOR LAWSON EXPRESSED THEIR APPRECIATION FOR THE OPPORTUNITY TO PARTICIPATE IN 'DOC-FOR-A-DAY,' THURSDAY, SEPTEMBER 21, 2017

RECOGNITION

- 3) Presentation by the Vice President of Ambulatory Services recognizing the Chemotherapy Clinic remodel at Columbus Street –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on September 20, 2017 –
APPROVED
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 5) Proposed recommendation to reappoint Nancy Lawson (ex-officio) to the Kern County Hospital Authority Board of Governors, term to expire December 31, 2018 –
REFERRED TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 6) Proposed retroactive Amendment No. 15 to Agreement 925-2002 with nThrive Solutions, Inc., an independent contractor, for oncology data management and abstracting services, for the period October 8, 2002 through June 30, 2017, extending the term for one year from July 1, 2017 through June 30, 2018, and increasing the maximum payable by \$289,545, from \$9,953,731 to \$10,243,276, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 066-2017
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 7) Proposed retroactive Amendment No. 1 to Agreement 20716 with J. Chandrasekhar, Inc., an independent contractor, for professional medical services in the Department of Medicine, for the period October 15, 2016 through October 14, 2017, extending the term for one year from October 15, 2017 through October 14, 2018, and increasing the maximum payable by \$380,000, from \$380,000 to \$760,000, to cover the extended term –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 067-2017

Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 8) Proposed retroactive Change Order No. 6 to Agreement 2016-086 with Black/Hall Construction, Inc., an independent contractor, for construction services related to the G Wing decommission project, increasing the maximum payable by \$6,861, from \$513,850 to \$520,711, to cover the cost of additional services –

MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 068-2017; AUTHORIZED CHIEF EXECUTIVE OFFICER TO APPROVE ANY FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED \$100,000, FOR A TOTAL CONTRACT PRICE NOT TO EXCEED \$620,711

Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 9) Proposed Amendment No. 2 to Agreement 07616 with KSA Group Architects, an independent contractor, for engineering and architectural services from July 1, 2016 through project completion, increasing the maximum payable by \$250,000, from \$450,000 to \$700,000, to cover to cost of various design projects –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 069-2017

Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 10) Proposed Amendment No. 9 to Agreement 1324502 with Vantage Technology Consulting Group, an independent contractor, for construction management services related to completion of the B wing emergency power project and IDF closet upgrades from December 19, 2012 through project completion, replacing an existing 1200-amp electrical breaker, and increasing the maximum payable by \$25,300, from \$419,109 to \$444,409, to cover the cost of the project –

MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 070-2017

Lawson-McLaughlin: 6 Ayes; 1 Absent – Sistrunk

CA

- 11) Proposed retroactive Agreement with OEC Medical Systems, Inc., an independent contractor, for radiology equipment service and support from October 11, 2017 through October 10, 2024, in an amount not to exceed \$51,282 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 071-2017
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 12) Proposed Amendment No. 2 to Agreement 2016-030 with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, an independent contractor, for professional medical services in the Department of Surgery, for the period July 1, 2016 through June 30, 2021, adding electroencephalogram monitoring coverage and technician support, and increasing the maximum payable by \$300,760, from \$10,668,032 to \$10,968,792, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 072-2017
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 13) Proposed retroactive Amendment No. 7 to Agreement 947-2008 with Toyon Associates, Inc., an independent contractor, for third-party reimbursement services, for the period October 14, 2008 through October 13, 2017, extending the term for one year from October 14, 2017 through October 13, 2018, incorporating changes to the hourly rates, and increasing the maximum payable by \$400,000, from \$2,090,000 to \$2,490,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 073-2017
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

- 14) Kern County Hospital Authority Chief Financial Officer report –
RECEIVED AND FILED
Pelz-McGauley: 6 Ayes; 1 Absent - Sistrunk

- 15) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
Berjis-Pelz: 6 Ayes; 1 Absent - Sistrunk

CA

- 16) Claims and Lawsuits Filed as of September 30, 2017 –
RECEIVED AND FILED
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 17) Proposed corrections to minutes for Kern County Hospital Authority Board of Governors regular meetings –
APPROVED
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 18) Proposed acceptance of donation from CNA of travel and related expenses to cover all costs for one or more Kern Medical employees to attend the Health Care Compliance Association “Healthcare Enforcement Compliance Institute” in Washington, D.C., from October 29, 2017 through November 1, 2017 –
APPROVED; ADOPTED RESOLUTION 2017-008
Lawson-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

ADJOURNED TO CLOSED SESSION

McGauley-McLaughlin

CLOSED SESSION

- 19) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 20) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – SEE RESULTS BELOW
- 21) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(3)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – SEE RESULTS BELOW
- 22) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: In the Matter of the Accusation Against: Kern Medical Center, dba Kern Medical Center Campus Pharmacy, et al., Case No. 5551 - SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

McLaughlin-Lawson

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 19 concerning a Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR LAWSON, SECONDED BY DIRECTOR McGAULEY; 1 ABSENT - SISTRUNK), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, CHANGE IN STAFF STATUS, AND VOLUNTARY RESIGNATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 20 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION – Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 21 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(3)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 22 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: In the Matter of the Accusation Against: Kern Medical Center, dba Kern Medical Center Campus Pharmacy, et al., Case No. 5551 – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, NOVEMBER 15, 2017, AT 11:30 A.M.

McGauley

/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**

November 15, 2017

Subject: Proposed Master Agreement with CareFusion Solutions, LLC for PYXIS Medication Dispensing Units

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed agreement with CareFusion Solutions, LLC to provide the PYXIS medication dispensing units to the hospital. The agreement includes unit leases, software updates, and connectivity support. The cost of this 5-year agreement is \$38,709 monthly for service and rental fees and \$4,212 monthly for hosting services for a yearly not-to-exceed amount of \$515,052.

Counsel is unable to approve as to form due to non-standard terms which include late fees, vague termination language, possible early termination fees, and a third-party software limitation of liability of \$250,000.

This Master Agreement (this "Master Agreement"), effective as of the date of CareFusion's signature below (the "Effective Date"), is entered into by and between CareFusion Solutions, LLC (together with its affiliates, "CareFusion") and Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center ("Customer"), each a "Party" and, collectively, the "Parties." This Master Agreement consists of: (i) the General Terms and Conditions below, and (ii) all Schedules (as defined below) which are made a part of this Master Agreement either upon the Effective Date or at a later date upon the execution of an amendment.

The Parties agree as follows:

GENERAL TERMS AND CONDITIONS

1. ORDERING, DELIVERY, AND PAYMENT.

- 1.1 **Customer Orders.** The Parties may enter into various transactions for hardware ("Equipment"), software licenses, accessories, and other products (collectively, "Products") and/or services ("Services"), which will be provided pursuant to these General Terms and Conditions, as supplemented by Schedules for specific Products and/or Services. CareFusion will set forth the Products and/or Services for each transaction in a customer order ("Customer Order") and a Customer Order may have one or more attachments (each, a "Customer Order Attachment"). Each Customer Order will create a separate contract (each, a "Customer Agreement"), each of which will be deemed to incorporate by reference: (i) these General Terms and Conditions, (ii) any Schedule applicable to the Products and/or Services provided under such Customer Order, and (iii) any Customer Order Attachments.
- 1.2 **Schedules.** Each schedule identified on Exhibit A ("Schedule") is attached to and incorporated by reference into this Master Agreement. Additional Schedules may be added to this Master Agreement by way of a written amendment. In the event of any conflict between the terms of a Schedule or a Customer Order Attachment and the terms of this Master Agreement, the terms of the Schedule or Customer Order Attachment will prevail. Capitalized terms in the Schedules and Customer Order Attachments shall have the same meaning as in these General Terms and Conditions and in the introductory paragraph above.
- 1.3 **Purchase Orders.** If CareFusion accepts a purchase order from Customer for Products and/or Services that are not identified in a Customer Order, then that purchase order will constitute a Customer Order under this Master Agreement, except that any conflicting or additional terms in the purchase order will have no force or effect.
- 1.4 **Delivery; Risk of Loss.** Products will be delivered FOB Origin, Freight Collect as soon as commercially reasonable after the Customer Order effective date, or as otherwise mutually agreed in writing.
- 1.5 **Acceptance.** A Product will be deemed accepted by Customer upon delivery or upon completion of the applicable CareFusion implementation Services, provided that such Product functions substantially in accordance with the specifications of its User Guide (defined below) ("Acceptance" or "Accepted"). Customer may reject a Product only if the Product fails to function substantially in accordance with the specifications of its User Guide. Upon completion of applicable Services, Customer will execute CareFusion's standard confirmation form.
- 1.6 **Payment Terms.** Customer will pay all CareFusion invoices in full within thirty (30) days from invoice date. Notwithstanding the foregoing, as applicable to Pyxis™ products, CareFusion will send an invoice to Customer at least sixty (60) days prior to the payment due date ("Due Date") at the address designated by Customer under the Customer Order accurately reflecting the amount due under the Customer Order, and Customer will pay such invoices in full by the Due Date.
- 1.7 **Late Charge.** If Customer does not pay an amount due by the due date, then CareFusion may impose a late charge on the unpaid amount at the rate of one and one percent (1.0%) per month or the highest rate allowed by the law (whichever is lower), prorated on a daily basis.
- 1.8 **Taxes.** Prices and fees for Products and/or Services do not include any taxes. Customer will pay when due any sales, use, rental, property, or other taxes or assessments of any kind (including, without limitation, withholding or value-added taxes) imposed by any federal, state, local or other governmental entity for Products and/or Services provided under this Master Agreement, excluding taxes based solely on CareFusion's net income (collectively, "Taxes"). Customer will promptly reimburse CareFusion for any Taxes paid by CareFusion, and will hold CareFusion harmless from all claims and expenses arising from Customer's failure to pay any such Taxes. If Customer is exempt from any Taxes, Customer will not be relieved of its obligation to pay such Taxes until Customer provides to CareFusion documentation sufficient to establish Customer's tax-exempt status. Customer will immediately notify CareFusion in writing of any change in its tax status. If Customer's exempt status is challenged by any jurisdiction, then Customer will: (i) immediately notify CareFusion; (ii) resolve the challenge; and (iii) hold CareFusion harmless from all claims and expenses related to any such challenge.

2. PRODUCT USE AND WARRANTY.

- 2.1 **User Guide and Service Manual.** CareFusion will provide to Customer one (1) copy (hard or electronic copy) of the then-current applicable user guide, user manual, or directions for use for each type of Product acquired by Customer (each, a "User Guide"), and one (1) hard copy of the service manual for each type of Alaris Equipment acquired by Customer. Customer may download from the CareFusion website additional copies of the service manual, as needed. Customer may use and reproduce any User Guide and service manual solely for Customer's internal use.
- 2.2 **Warranty.** CareFusion warrants to Customer that for a period of ninety (90) days after Acceptance (except for Alaris Equipment and/or Software, which has a warranty period of one (1) year after Acceptance and Respiratory Equipment, which is subject to the warranty period set forth in the applicable User Guide), the Product will perform substantially in accordance with the specifications of its User Guide (the "Limited Warranty"). If a Product fails to perform substantially in accordance with the specifications of its User Guide during the applicable warranty period, then Customer will notify CareFusion in writing. In that case, as Customer's sole remedy, CareFusion (at its option) will promptly repair or replace that Product, or any part or portion thereof. **EXCEPT FOR THE LIMITED WARRANTY DESCRIBED IN THIS SECTION, CAREFUSION DISCLAIMS AND EXCLUDES ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR ARISING UNDER USAGE OF TRADE OR COURSE OF PERFORMANCE).** The Limited Warranty does not apply to any Product that does not perform substantially in accordance with the specifications of its User Guide because the Product: (i) has been modified, repaired or altered, except by CareFusion; (ii) has not been properly installed, used, handled, operated or maintained in accordance with any handling or operating instructions provided by CareFusion; (iii) has been subjected to physical or electrical stress, misuse, abuse, negligence, accidents, or causes beyond CareFusion's reasonable control; or (iv) includes repair or service parts, add-ons, or disposables that are not manufactured or approved by CareFusion.
- 2.3 **Use of Products; Inspection.** Customer will use Products only: (i) for Customer's internal business purposes and not for resale; (ii) in the manner described in the applicable User Guide; and (iii) in accordance with applicable laws and regulations. Customer will not export, re-export or modify any Product. Customer's use of repair or service parts or disposables that are not manufactured or approved by CareFusion is at Customer's own risk and may void the Limited Warranty stated in Section 2.2. Customer will not use any software with a Product which was not licensed from or approved by CareFusion. Upon reasonable advance notice by CareFusion, Customer will allow CareFusion to inspect Customer's records regarding use of Products during Customer's regular business hours to verify compliance with the licensing and other terms of this Master Agreement.

3. SOFTWARE, DATA, AND INTELLECTUAL PROPERTY OWNERSHIP.

- 3.1 **Software; Third Party Software.** "Software" means all CareFusion-owned software (e.g., application software, embedded and/or integrated software, interface software, custom drivers) and any related software owned by a third party ("Third Party Software"). CareFusion will license, not sell, Software. CareFusion and its licensors retain all ownership rights in Software.
- 3.2 **Software License.** Subject to the terms and conditions of this Master Agreement and applicable User Guide, CareFusion grants to Customer a limited, non-exclusive, non-transferable license to use Software at Customer's site(s) (as set forth in the applicable Customer Order) during the applicable term, provided that all licensing of Third Party Software will be subject to the terms of the Third Party Software Schedule. Each license Customer acquires from CareFusion for use of the embedded Software is valid only for use with the particular unit of Product, identified by serial number, within which it is embedded. Each license granted to Customer is: (i) perpetual, unless a different license term is expressly set forth in the applicable Schedule or Customer Order under which the Software is licensed to Customer; and (ii) subject to termination pursuant to **Section 6.1** below.
- 3.3 **Software License Restrictions; Scope of Use.** Customer will not: (i) translate, disassemble, decompile, reverse engineer, alter, modify or create any derivative work of any portion of Software; (ii) make any copies of Software or its documentation, except one (1) copy for back-up or archival purposes; (iii) sell, assign, sublicense, distribute, rent, or otherwise transfer Software to a third party; (iv) separate integrated Software from any Product, or otherwise use integrated Software except as an integrated part of the applicable Product; or (v) unless otherwise approved in writing, use the Software in conjunction with any CareFusion-manufactured Product that was not provided to Customer by CareFusion or a CareFusion authorized party. Without limiting the license restrictions in this Section and as an additional obligation, Customer will adopt and implement reasonable measures to guard against unauthorized use of Software. CareFusion may suspend or revoke user codes, or take other appropriate action, if CareFusion reasonably believes that a security violation has occurred. Scope of use restrictions for Software may be set forth in the applicable Customer Order. CareFusion will measure Customer's scope of use periodically and additional fees will apply if the scope of use is exceeded. Upon CareFusion's reasonable request (no more than once per year), Customer will provide CareFusion with relevant information to verify Customer's scope of use. Customer will provide CareFusion with thirty (30) days prior notice for any event affecting Customer's scope of use, such as acquisition of a hospital or construction of a new facility, so CareFusion can adjust Customer's scope of use.

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- 3.4 **System Requirements.** For Software-only Products, Customer will use third-party Equipment meeting CareFusion's minimum system requirements (as specified by CareFusion in writing) and will protect its system and the Software from viruses, malware, and intrusion. Customer will perform applicable manufacturer recommended maintenance for such Equipment and maintain such Equipment at the version levels specified by CareFusion in writing.
- 3.5 **Data.** "Data" means, collectively, data contained in the Products, data created or stored through the use of Products, and/or data created or collected during the performance of Services. "Privacy Rule" means the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and E. Subject to the Business Associate Schedule in effect between the Parties as of the Effective Date, Customer grants CareFusion the right to access and use Data for any lawful purpose, including, without limitation, research, benchmarking, and aggregate analysis (i.e., more than one hospital). If Data contains Protected Health Information as defined by 45 C.F.R. § 160.103, then CareFusion will use such Data in conformance with the Privacy Rule and, before disclosing such Data, de-identify such Data pursuant to 45 C.F.R. § 164.514 and dissociate such Data from Customer.
- 3.6 **Intellectual Property Ownership.** All right, title and interest in the intellectual property embodied in the Products and related documentation (including, without limitation, all copyrights, patents, trademarks, trade secrets, trade names, and trade dress), as well as the methods by which the Services are performed and the processes that make up the Services, will belong solely and exclusively to CareFusion or the applicable supplier or licensor. Customer has no rights in any such intellectual property, except as expressly granted in this Master Agreement.
4. **INDEMNIFICATION.**
- 4.1 **Mutual Indemnification.** Subject to the terms in this Master Agreement, each Party ("Indemnifying Party") will (i) defend and hold harmless the other Party (the "Indemnified Party") against any demand, action, claim, suit or proceeding ("Claims") asserted against the Indemnified Party by a third party for losses, injuries, or damages caused by the Indemnifying Party's negligent acts or omissions, and (ii) indemnify the Indemnified Party for damages paid to the third party bringing the Claim.
- 4.2 **Intellectual Property Indemnity.** CareFusion will defend Customer against any claim filed in a court of competent jurisdiction in the United States brought by a third party against Customer alleging that a Product used by Customer in accordance with this Master Agreement (including, without limitation, all subparts of Sections 2 and 3 of these General Terms and Conditions) infringes any U.S. patent, copyright, trade secret or other proprietary right of a third party (each, an "Infringement Claim"). As a condition to receiving the defense, Customer will provide written notice to CareFusion promptly after Customer receives actual notice of the Infringement Claim, will allow CareFusion to have sole control of the defense and any related settlement negotiations, and will provide reasonable cooperation upon request. CareFusion will: (i) pay any damages and costs assessed against Customer (or payable by Customer pursuant to a settlement agreement agreed to in writing by CareFusion) arising out of the Infringement Claim; and (ii) reimburse Customer for its reasonable costs and expenses associated with providing reasonable cooperation. If CareFusion determines that a Product might infringe a third party's intellectual property right, then CareFusion will have the option, at its expense and in its sole discretion, to: (a) replace the Product with a substantially equivalent non-infringing Product, (b) modify the Product in a manner that does not substantially affect the performance of the Product, or (c) obtain a license to permit Customer to continue using the Product. This Section states Customer's exclusive remedy and CareFusion's total liability to Customer for an Infringement Claim.
5. **LIMITATIONS OF LIABILITY; INSURANCE.**
- 5.1 **Exclusion of Consequential Damages.** NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES (INCLUDING, WITHOUT LIMITATION LOSS OF BUSINESS OR PROFITS), WHETHER BASED IN CONTRACT, TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE), OR OTHERWISE, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THESE LIMITATIONS OF LIABILITY WILL APPLY EVEN IF THERE IS A FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDY IN THIS MASTER AGREEMENT OR ANY CUSTOMER AGREEMENT.

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5.2 **Insurance.** CareFusion will maintain: (i) commercial general liability insurance including Customer as an additional insured, with per occurrence limits and aggregate limits (including, without limitation, any excess or umbrella coverage) of not less than \$2,000,000 and \$5,000,000, respectively; (ii) Products and Completed Operations insurance, and at Customer's written request including Customer as an additional insured with per occurrence limits and aggregate limits of not less than \$5,000,000 and \$5,000,000 respectively; (iii) professional errors and omissions insurance that contains cyber liability and privacy notification insurance with per occurrence limits and aggregate limits of not less than \$1,000,000 and \$3,000,000; and (iv) workers' compensation insurance in compliance with statutory requirement and employers' liability insurance in an amount of not less than \$1,000,000 per occurrence. Notwithstanding the foregoing, the Parties understand and agree that CareFusion may self-insure for all or part of the insurance required hereunder. If any of the required policies are written on a claims-made basis, then such policies will be maintained for a period of not less than three (3) years following the termination or expiration of this Master Agreement.

6. TERMINATION.

6.1 **Termination for Cause.** Either Party may terminate for cause the then-remaining performance of any Customer Agreement upon written notice if the other Party: (i) fails to comply with any material term or condition of any agreement between the parties; and fails to cure such non-compliance within thirty (30) days (or within ten (10) days for any past due payment) after receipt of written notice providing full details of such non-compliance; (ii) terminates or suspends substantially all of its business activities; or (iii) becomes subject to any bankruptcy or insolvency proceeding. Upon any such termination, CareFusion may repossess Equipment subject to any outstanding payment obligations. Notwithstanding the foregoing, Customer's obligation to pay for any Products that it has Accepted will not be affected by any termination under this Section.

6.2 **Termination without Cause.** Either Party may terminate this Master Agreement upon thirty (30) days written notice if there are no payments due and no other obligations yet to be performed under any Customer Agreement.

7. COMPLIANCE WITH LAWS AND POLICIES.

7.1 **Compliance with Laws.** Each Party will comply fully with all applicable federal and state laws and regulations, including but not limited to export laws and regulations of the United States.

7.2 **Equal Opportunity.** The Parties shall comply with the following equal opportunity clause: **To the extent not exempt, the Parties shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.**

7.3 **Discounts.** If any discount, credit, rebate or other Product incentive is paid or applied by CareFusion regarding the Products, then it is a "discount or other reduction in price" pursuant to the Medicare/Medicaid Anti-Kickback Statute. Each Party will comply with the "safe harbor" regulations stated in 42 C.F.R. § 1001.952(h).

7.4 **Proper Reporting of Discounts and Pricing.** The prices under a Customer Agreement may reflect "discounts or other reduction in price" as that term is used in the "safe harbor" regulations in the Medicare/Medicaid Anti-Kickback Statute, 42 C.F.R. § 1001.952(h). The Parties hereto shall: (i) comply with all applicable laws and regulations relating to the accounting, application, and proper reporting of discounts and pricing under the Customer Agreement, including but not limited to the requirements of the discount "safe harbor" located at 42 C.F.R. § 1001.952(h); (ii) properly report and appropriately reflect all prices paid under the Customer Agreement net of all discounts as required by applicable laws and regulations, including but not limited to on Medicare, Medicaid and state agency cost reports; and (iii) retain a copy of the Customer Agreement and all other documentation regarding the Customer Agreement, together with the invoices for purchase of Products thereunder and shall permit representatives of the U.S. Department of Health & Human Services or any relevant state agency access to such records upon request.

7.5 **Access to Records.** For a period of four (4) years after CareFusion has completed performance under a Customer Agreement, CareFusion will make available, upon written request of the Secretary of the Department of Health and Human Services, or upon request of the Comptroller General of the United States, or any of their duly authorized representatives (collectively, the "Requesting Party"), this Master Agreement and any books, documents, and records necessary to certify the nature and extent of the costs paid by Customer to CareFusion under such Customer Agreement ("Access"). If CareFusion pays a subcontractor more than \$10,000 over a twelve (12)-month period to perform such Customer Agreement, then CareFusion will require such subcontractor to permit Access to the Requesting Party.

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- 7.6 **Exclusion.** As of the Effective Date, CareFusion is not excluded from participation from any federally-funded health care program (including, without limitation, Medicare and Medicaid) (each, a “Program”). If CareFusion becomes excluded from any Program, then CareFusion will promptly notify Customer. Within thirty (30) days after receipt of such notice and subject to the satisfaction of any remaining payment or other obligations, Customer may cancel this Master Agreement by written notice.
- 7.7 **Customer Policies.** CareFusion and its employees will comply with Customer’s reasonable security rules, policies and procedures provided in writing and agreed to in advance by CareFusion (“Customer Policies”). Customer will notify CareFusion in writing of any material changes to Customer Policies. Any terms of the Customer Policies that are in addition to or conflict with this Master Agreement or any Customer Agreement (e.g., terms related to purchase, delivery, payment, or termination) will have no force or effect unless adopted via a written amendment to this Master Agreement signed by each Party.
- 7.8 **Responsibility for Medical Care.** CareFusion, through its employees and agents (collectively, “CareFusion Personnel”), is not responsible for the delivery of medical care or other services to any patients. Accordingly, Customer will not rely upon CareFusion Personnel to practice medicine or provide patient care.
8. **MISCELLANEOUS.**
- 8.1 **Performance.** Each Party will bear the cost of its performance of this Master Agreement and each Customer Agreement.
- 8.2 **Confidentiality.** Neither Party will disclose to a third party the terms of, nor issue any public statement regarding, this Master Agreement or any Customer Agreement without the other Party’s prior written approval, except as required by law. If Customer receives a Freedom of Information Act or state open records law request relating to this Master Agreement or any Customer Agreement, Customer will promptly notify CareFusion and provide reasonable assistance in opposing such request. CareFusion is aware that Customer 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. CareFusion acknowledges that Customer may disclose information, including CareFusion confidential and proprietary information, to the extent required to comply with applicable law.
- 8.3 **Force Majeure.** If a Party is reasonably prevented from performing an obligation because of fire, flood, wind, earthquake, explosion or other disaster, acts of military authorities, acts of civil authorities unrelated to any violation of law by the Party, war, riot, insurrection, act of terrorism or other cause beyond the Party’s reasonable control (collectively, a “Force Majeure Event”), then that Party will not be in breach during the period that Party is prevented from performing that obligation, provided that the Party: (i) promptly delivers notice to the other Party identifying the Force Majeure Event; and (ii) immediately uses reasonable efforts to perform the obligation notwithstanding the Force Majeure Event.
- 8.4 **Assignment.** Neither Party may assign any rights or obligations under this Master Agreement or any Customer Agreement without the other Party’s prior written consent, which will not be unreasonably withheld; provided, however, that either Party may with notice assign all of such Party’s rights and obligations without the other Party’s consent: (i) to an affiliate; or (ii) incident to the transfer of all or substantially all of such Party’s business assets related to the subject matter of the applicable Customer Agreement.
- 8.5 **Notices.** Any notice from one Party to the other Party under this Master Agreement or any Customer Agreement will be in writing and will be deemed to be given: (i) upon delivery, if by hand or by overnight courier; or (ii) three (3) days after mailing, if by certified or registered mail to the receiving Party’s Notice Address below. Either Party may change its Notice Address upon written notice to the other Party.
- 8.6 **Severability.** If a court or other body of competent jurisdiction declares any term of this Master Agreement or any Customer Agreement invalid or unenforceable, then the remaining terms will continue in full force and effect.
- 8.7 **No Waiver.** No right created by this Master Agreement or any Customer Agreement will be deemed waived unless specifically and expressly waived in a writing signed by the Party possessing the right.
- 8.8 **Governing Law.** This Master Agreement and each Customer Agreement will be governed by the laws of the State identified in Customer’s Notice Address below, without reference to its conflict of laws principles.
- 8.9 **Prevailing Party.** The prevailing Party will be entitled to reasonable attorneys’ fees, costs and expenses for any claim against the other Party under this Master Agreement or any Customer Agreement.
- 8.10 **Survival.** The obligations set forth in this Master Agreement and each Customer Agreement that by their nature continue and survive will survive any termination or expiration of this Master Agreement.

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8.11 Entire Agreement; Amendment. This Master Agreement and each Customer Agreement sets forth the entire agreement and understanding of the Parties and supersedes all prior written and oral agreements, representations, proposals, and understandings between the Parties regarding the subject matter of this Master Agreement and each Customer Agreement, except that no prior Confidential Disclosure Agreement or contract of a similar nature will be superseded. Any requests for information, requests for proposal, responses to requests for proposals, sales collateral and other information provided by either Party are not binding unless explicitly incorporated by reference into a Customer Order signed by each Party. No modification to this Master Agreement or any Customer Agreement will be effective unless adopted via a written amendment to the same signed by each Party.

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

KERN COUNTY HOSPITAL AUTHORITY
(Acct # 10043609)

CAREFUSION SOLUTIONS, LLC

Notice Address:
Address: 1700 Mount Vernon Ave
City, State Zip: Bakersfield, CA 93306

Notice Address:
3750 Torrey View Court
San Diego, CA 92130

State of Incorporation:

State of Incorporation: Delaware

By: _____

By:  _____

Print: _____

Print: Soraya Moetamedi
Contract Consultant, MMS Capital Contracting

Title: _____

Title: _____

Date: _____

Effective Date: 11/7/2017

Exhibit A
List of Schedules

Product Line (if applicable)	Schedules
General	Equipment Rental Terms
General	Software Services
General	Third Party Software
General	Business Associate
Pyxis®	Implementation Terms
Pyxis	Support Terms
Pyxis	Pharmogistics Products

The below terms apply to Customer's rental of Rental Equipment (defined below) pursuant to applicable Customer Agreements between the Parties in accordance with Section 1.2 of the Master Agreement.

1. Definitions. "Rental Equipment" means the integrated hardware and software Products that Customer is renting pursuant to a Customer Order.

2. Rental Term; Footprint Modification; Extended Term.

2.1 Rental Term. The "Rental Term" for Rental Equipment equals the time period that CareFusion leases Rental Equipment to Customer pursuant to the applicable Customer Agreement. CareFusion (or its assignee) is the owner of Rental Equipment and Customer is only acquiring a right to possess and use Rental Equipment during the Rental Term, and no other right, title or interest. Title will not transfer to Customer at the end of the Rental Term. The initial Rental Term for Rental Equipment will begin on the Term Begin Date stated in the applicable Implementation Timeline and will continue for the number of months stated in the applicable Customer Agreement, provided that, if there is no Term Begin Date in an Implementation Timeline, then the Term Begin Date will be the first day of the month following the date such Rental Equipment is Accepted.

2.2 Footprint Modification Option. Notwithstanding the foregoing, Customer will have the right and option to terminate the Rental Term for a subset of Rental Equipment under a Customer Agreement, as provided in this Section 2.2.

(a) As used herein, (i) "FMO Products" means Rental Equipment and Software (other than Third Party Products or Third Party Software) under a Customer Agreement representing up to twenty percent (20%) of total Monthly Rental and Monthly Subscription Fees for all Rental Equipment and Software under such Customer Agreement; and (ii) "Contract Year" means the twelve (12) month period beginning on any anniversary of the Effective Date of the Master Agreement.

(b) Provided that Customer is not then in breach of any agreement with CareFusion, Customer may terminate the Rental Term for the FMO Products for a Contract Year on written notice given to CareFusion at least ninety (90) days prior to the beginning of the Contract Year. Termination shall be subject to Customer's execution of CareFusion's standard form amendment to the Customer Agreement prior to the beginning of the Contract Year and Customer's compliance with the terms thereof, including, without limitation, return of the FMO Products at Customer's expense. Termination shall be effective the first day of the applicable Contract Year or a later date as agreed by CareFusion and Customer and set forth in the amendment. On the effective date of termination, the Rental, Support and/or Subscription Terms and Customer's obligation to pay Monthly Rental, Support and/or Subscription Fees for the FMO Products will terminate.

(c) For the sake of clarity, in no event will the foregoing right and option apply to any Products other than the FMO Products, apply to any "sold-to" or "ship-to" entity not designated in the applicable Customer Agreement, apply to any Third Party Product or Third Party Software listed in the Customer Agreement, or carry over to a subsequent Contract Year.

2.3 Extended Term. Unless a Party provides sixty (60) days' prior written notice of its intention not to extend the Rental Term, the Rental Term will continue on a month-to-month basis ("Extended Term") at the applicable Rental Fee stated in the then-current Pyxis® products price catalog. Either Party may terminate the Extended Term upon thirty (30) days' prior written notice.

3. Rental Fees. Customer will pay the Monthly Rental Fee stated in the applicable Customer Order ("Monthly Rental Fee") for each unit of Rental Equipment on the first day of each month during the Rental Term, which obligation is unconditional and non-cancelable. Customer is not entitled to abate or reduce any Monthly Rental Fee for any reason. Customer will pay the Monthly Rental Fee when due regardless of any existing or future setoff or claim that Customer may assert. Additionally, Customer will not assert any setoff or counterclaim against a CareFusion assignee if such assignee commences an action to collect any amount due under the applicable Customer Order.

4. Risk of Loss. From the time Customer receives delivery of Rental Equipment until CareFusion accepts return delivery of Rental Equipment, Customer will: (i) be responsible for any loss of or damage to Rental Equipment from any cause other than normal wear and tear, except for any loss or damage caused by CareFusion's negligence; and (ii) obtain and maintain throughout the Rental Term All Risk Property Insurance in an amount equal to the full replacement value for Rental Equipment. Customer will notify CareFusion immediately of any such loss or damage, and will continue to pay Monthly Rental Fee; provided, however, that CareFusion will reasonably cooperate with Customer and Customer's insurer to promptly provide replacement Rental Equipment, subject to Section 13 of the Support Terms Schedule.

5. Personal Property. All Rental Equipment is personal property for all purposes. Customer will not allow any Rental Equipment to become a fixture of real property. Customer will take appropriate action as necessary to prevent any third party from acquiring any interest in Rental Equipment or the applicable Customer Order. In addition to performing its obligations under the Taxes provision of the Master Agreement, Customer will reimburse CareFusion for any personal property tax imposed on CareFusion as the lessor.

6. Use, Maintenance and Repair of Rental Equipment. Customer will keep and use Rental Equipment only at the delivery address set forth in the Customer Order and will not move it without CareFusion's prior written consent. Customer will allow only competent and duly qualified personnel to operate Rental Equipment. Customer will keep Rental Equipment in good condition and working order, and will allow CareFusion to make engineering changes and Software updates upon reasonable request. Customer will keep all Rental Equipment free and clear of all liens, adverse claims and encumbrances.

7. Return of Rental Equipment. If Customer relinquishes possession of any Rental Equipment for any reason (including at the end of the Rental Term), then Customer will: (i) promptly remove all medications, data, and Customer property from such Rental Equipment without damaging such Rental Equipment; (ii) acknowledge receipt of any data device that CareFusion removes from Rental Equipment and tenders to Customer; and (iii) promptly and properly crate and ship Rental Equipment to CareFusion.

8. Assignment. Notwithstanding the non-assignment language in the General Terms and Conditions of the Master Agreement, CareFusion may assign, transfer, grant a security interest in, or sell some or all of CareFusion's right to receive payments under a Customer Agreement without Customer's consent (an "Assignment"). Upon an Assignment: (i) Customer will not hold any CareFusion assignee liable for any CareFusion obligation under the applicable Customer Agreement; (ii) the rights of such assignee will not be subject to any claims, counterclaims, defenses or setoffs of any kind whatsoever; (iii) Customer will cooperate with and consent to an Assignment by executing and delivering documents and assurances that CareFusion or its assignee reasonably requests; (iv) Customer will, if requested, make payments due under the applicable Customer Agreement directly to such assignee; and (v) all of Customer's obligations will inure to the benefit of such assignee as well as to CareFusion, and may be enforced by such assignee in its own name or by CareFusion.

9. Termination by CareFusion for Cause. Notwithstanding the termination provisions of the Master Agreement, if Customer fails to: (i) pay any amount required by the applicable Customer Agreement within ten (10) days after CareFusion provides written notice to Customer stating that the payment is past due; or (ii) correct any other non-compliance with the applicable Customer Agreement within thirty (30) days after CareFusion provides written notice to Customer identifying such non-compliance, then CareFusion may, to the extent permitted by applicable law and in addition to and without prejudice to any other remedy available at law or equity: (a) cancel one or more Rental Term(s) and require Customer to make the applicable Rental Equipment available for repossession by CareFusion at a reasonably convenient location; and/or (b) recover from Customer an amount equal to the present value of the unpaid balance of all Monthly Rental Fees for each unexpired Rental Term under the applicable Customer Agreement (calculated using a discount rate of six percent (6%) per annum).

10. Conditional Security Agreement. If a Customer Agreement is determined not to constitute a true lease, then the Customer Agreement will be a security agreement with respect to Rental Equipment and all accessions, substitutions, replacements therefore, and proceeds thereof (including insurance proceeds) will secure all obligations pursuant to the Customer Agreement.

These terms apply to the Software and Software-based services described below that are licensed separately and provided by CareFusion to Customer pursuant to the applicable Customer Agreement between the Parties.

1. CareFusion Software Services. CareFusion provides certain Software and Software-based services ("CareFusion Software Services") to manage information used with (i) operating system software in hardware equipment supplied by CareFusion or other manufacturers ("Operating System Software"), and (ii) software and services provided by third parties ("Third-Party Software Services"). CareFusion Software Services are provided subject to the terms herein, the Master Agreement, and any applicable Customer Order Attachment.

2. Perpetual Use.

2.1. Perpetual License. CareFusion grants Customer a limited, perpetual, non-exclusive, non-transferable license for the CareFusion Software Services specified in the Customer Order. If the number of staffed beds at Customer's site increases by more than ten percent (10%), then CareFusion may increase the total license fees stated in the Customer Order on a pro-rata basis for the specified CareFusion Software Services.

2.2. Maintenance Term. The initial term for maintenance services applicable to each type of CareFusion Software Services will be the period as stated in the Customer Order ("Maintenance Term"). The Maintenance Term is non-cancellable. Unless otherwise stated in a Customer Order, the Maintenance Term for each type of CareFusion Software Services will (i) begin on the date the CareFusion Software Services are Accepted, and (ii) may renew for additional one (1)-year periods subject to a written amendment to the applicable Customer Order executed by the Parties at least thirty (30) days prior to the annual renewal date.

2.3. Maintenance Fees. Customer will pay Software maintenance fees ("Maintenance Fees") as specified in the Customer Order which will entitle the customer to periodically released Enhancements (defined below) during the Maintenance Term. CareFusion will invoice Customer for installments of the Maintenance Fee on a recurring basis as specified in the Customer Order, commencing at the beginning of the Maintenance Term. CareFusion may, by notice delivered to Customer prior to the commencement of a subsequent Maintenance Term, increase the Maintenance Fee for such period. If the number of staffed beds at Customer's site increases by more than ten percent (10%), then (i) Customer will promptly notify CareFusion and (ii) the Maintenance Fee for the specified CareFusion Software Service may increase on a pro-rata basis in accordance with the applicable CareFusion price catalog.

3. Subscription Use.

3.1. Subscription License. Subject to payment of the Subscription Fees (defined below) specified in the Customer Order, CareFusion grants Customer a limited, non-exclusive, non-transferable license for CareFusion Software Services specified in the Customer Order during the valid term of the contract.

3.2. Subscription Term. The initial term for subscription services applicable to each type of CareFusion Software Services will be the period as stated in the Customer Order ("Subscription Term"). The Subscription Term is non-cancellable. Unless otherwise stated in a Customer Order, the Subscription Term for each type of CareFusion Software Services will (i) begin on the date the CareFusion Software Services are Accepted, and (ii) may renew for additional one (1)-year periods subject to a written amendment to the applicable Customer Order executed by the Parties at least thirty (30) days prior to the annual renewal date.

3.3. Subscription Fees. Customer will pay a subscription fee ("Subscription Fee") as specified in the Customer Order which will entitle the customer to periodically released Enhancements (defined below) and delivery of applicable Software-related services during the Subscription Term. CareFusion will invoice the Customer for installments of the Subscription Fee on a recurring basis as specified in the Customer Order, commencing at the beginning of the Subscription Term. CareFusion may, by notice delivered to Customer prior to the commencement of any subsequent Subscription Term, increase the Subscription Fee for such period. If the number of staffed beds at Customer's site increases by more than ten percent (10%), then (i) Customer will promptly notify CareFusion and (ii) the Subscription Fee for the specified CareFusion Software Service may increase on a pro-rata basis in accordance with the applicable CareFusion price catalog.

4. CareFusion Responsibilities. Subject to payments of applicable Maintenance Fees or Software Subscription Fees, Customer is entitled to the following support for the most recent version of the Software of the applicable CareFusion Software Service specified in the Customer Order for a period of one (1) year from release of the next version of the Software:

4.1. Enhancements. If, pursuant to CareFusion's maintenance support program, CareFusion generally releases an update to the Software to support the CareFusion Software Services in order to enhance the security or operation of the Software (each an "Enhancement"), then CareFusion will provide the appropriate CareFusion personnel and resources to update the Software. The method of Enhancement delivery will be at the sole discretion of CareFusion. Enhancements will be Software pursuant to this Schedule and the applicable Customer Agreement. Customer will be responsible to ensure that the technical environment into which the Enhancement is delivered has sufficient resources and the Prerequisite Systems (defined below) to support the Enhancement.

4.2. Telephone-based Technical Support. CareFusion will provide telephone-based technical support to Customer during CareFusion's normal business hours.

4.3. Error Correction. CareFusion will use commercially reasonable efforts to correct errors in the Software that materially affect the functionality of the Software.

4.4. Remote Access. Customer will provide CareFusion remote access to the Software installed at Customer facilities through CareFusion's remote access solution. CareFusion will use such access solely to provide the Service. If Customer discontinues the Service, Customer will allow CareFusion to access the Software solely for the purposes of disabling it.

5. Customer Responsibilities.

5.1. CareFusion Implementation Services. Customer will order from CareFusion any implementation services required to implement the CareFusion Software Services as specified in the applicable Customer Order, and will perform all of the Customer obligations specified in the applicable Customer Order Attachment related to the CareFusion implementation services.

5.2. Third-Party Licenses and Implementation Services. Customer will obtain from third-party vendors the applicable licenses and implementation services for Third-Party Software Services as required to establish appropriate technical software interfaces with CareFusion Software Services and Operating System Software.

5.3. Prerequisite CareFusion Systems. If the CareFusion Software Services ordered by Customer require prerequisite software or systems as set forth in applicable user guides or Customer Orders ("Prerequisite Systems"), then Customer will obtain all necessary licenses and software maintenance programs to support the current versions of the Prerequisite Systems.

5.4. Customer Technical Environment. Customer will maintain the technical environment specified by CareFusion in applicable user guides and provided during implementation to support the technical and functional workflow requirements for CareFusion Software Services in Customer's facilities.

5.5. Multi-Facility Maintenance Obligation. If Customer and its affiliates (or related entities and facilities with common CareFusion Software Services) have implemented CareFusion Software Services at multiple facilities or on shared servers operating the CareFusion Software Services, and any such affiliate, related entity or facility fails to renew or pay the applicable Maintenance Fee or Subscription Fee, then CareFusion reserves the right to withhold or cancel the CareFusion Software Services to be provided to Customer or its affiliates, related entities or facilities.

This Schedule governs Customer's access to and use of software or databases owned by a third party (collectively referred to as "Third Party Software"). Customer's right to use such Third Party Software, and the Products which contain them, is subject to compliance with the Master Agreement between the Parties and these terms. In the event of any conflict between these terms and those of any End User License Agreement that may be presented in electronic form during use of the Third Party Software, these terms shall take precedence.

1. GENERAL TERMS AND CONDITIONS APPLICABLE TO ALL THIRD PARTY SOFTWARE

1.1 Ownership. Third Party Software is licensed, not sold, by CareFusion to Customer. All title and intellectual property rights in and to Third Party Software (including, but not limited to, code sequence, logic, structure and screens) and documentation, and in and to any improvements, enhancements, updates, or upgrades thereto, including concepts and technology inherent in Third Party Software, are and at all times shall remain, the sole and exclusive property of a third party and/or its affiliates ("Third Party"). Third Party Software is protected by copyright laws as well as other intellectual property laws and treaties. Customer's possession, use, or access to Third Party Software does not transfer any ownership of Third Party Software nor any intellectual property rights to Customer. All rights not expressly granted under this Schedule are reserved by CareFusion or Third Party. Nothing contained in this Schedule shall be construed directly or indirectly to assign or grant to Customer any right, title or interest in or to trademarks, service marks, copyrights, patents, or trade secrets of Third Party, or any ownership rights in or to the Third Party Software.

1.2 Use. Customer may use Third Party Software only in conjunction with Products and Services provided to Customer by CareFusion, and not as a stand-alone product. The license granted herein does not include a license to use the Third Party Software for development, testing or support purposes.

1.3 Copies. Customer may not make any copies of Third Party Software for any purpose unless expressly authorized by CareFusion. Customer must erase or destroy all Third Party Software upon notice from CareFusion.

1.4 Restrictions. Except as permitted by applicable law, Customer shall not:

- (a) work around any technical limitations in Third Party Software;
- (b) reverse engineer, de-compile, translate, disassemble or otherwise attempt to derive source code from the Third Party Software, in whole or in part (or in any instance where the law permits any such action, Customer shall provide CareFusion at least ninety (90) days advance written notice of its belief that such action is warranted and permitted, and shall provide CareFusion (in conjunction with Third Party) with an opportunity to evaluate if the law's requirements necessitate such action);
- (c) allow access or permit use of the Third Party Software by any user other than that permitted by CareFusion in Customer's license agreement with CareFusion;
- (d) modify or create derivative works based upon Third Party Software;
- (e) publish Third Party Software, or post any portion of it on public bulletin boards, websites, Internet domains, or online chat rooms;
- (f) sell, rent, lease, lend, license, sublicense or otherwise transfer, in whole or in part, Third Party Software or related documentation to any third party;
- (g) use Third Party Software in connection with, through or to an application service provider, or using other similar network hosting methods;
- (h) alter, remove or destroy and will take commercially reasonable steps to prevent the alteration, removal or destruction of, any Third Party copyright notice, trade secret or other proprietary rights notice from Third Party Software

Customer shall provide the same level of security for Third Party Software as it provides for its own products, but in no event less than reasonable care, to prevent third parties from performing such activities.

1.5 Internet-Based Services. Third Party Software may contain components that enable and facilitate the use of certain Internet-based services. Customer acknowledges and agrees that Third Party may automatically check the version of Third Party Software and/or its components that Customer is using and may provide upgrades or supplements to Third Party Software which may be automatically downloaded. No personally-identifiable information will be obtained through these services.

1.6 No Warranties. THIRD PARTY SOFTWARE IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND. CAREFUSION AND THIRD PARTY EXCLUDE AND DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THIRD PARTY SOFTWARE, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

1.7 Liability Limitations. Customer agrees that, regardless of the form of any claim, neither CareFusion nor Third Party has any liability for damages, whether consequential, special, punitive, indirect or incidental, for anything related to Third Party Software. This limitation also applies even if CareFusion or Third Party should have been aware of the possibility of damages. In no event will CareFusion be liable for any amount in excess of two hundred fifty dollars (\$250.00). Notwithstanding the foregoing, this Section will not limit either Parties rights or obligations under this Master Agreement, including Section 4 (Indemnification).

1.8 Termination. Without prejudice to any other rights, CareFusion may terminate this license to use Third Party Software if Customer fails to comply with the terms of this Schedule.

1.9 Export Restrictions. Third Party Software is subject to United States export laws and regulations. Customer must comply with all applicable domestic and international export laws and regulations, including (without limitation) restrictions on destinations, end users and end use.

1.10 U.S. Government Use. Third Party Software is a “commercial component” consisting of “commercial computer software” and “commercial computer software documentation,” as such terms are defined in Title 48 of the Code of Federal Regulations. Any use of Third Party Software by the U.S. Government shall be subject to the terms of CareFusion’s applicable Government FSS agreement.

2. ADDITIONAL TERMS AND CONDITIONS APPLICABLE ONLY TO LEXI-COMP LICENSED DATABASES

2.1 Limited Right to Print Articles. Customer may print out individual articles containing only insubstantial portions of the Lexi-Comp Licensed Databases (“Databases”) for Customer’s personal educational use as long as Customer includes a source reference to Lexi-Comp and its copyright notice.

2.2 Updates. If Customer has purchased a Pyxis MedStation™ 3000, 3500 or 4000 system, CareFusion shall provide quarterly updates to the Databases at no additional cost. Other Customers may contact Lexi-Comp directly to procure updated data sets. Customer is responsible for installing any updates.

2.3 Use of Professional Judgment. Customer should consult a variety of information sources before making any treatment decision. Customer should check the product information sheet accompanying each drug or medication to verify conditions of use, and should identify any changes in dosage schedule or contraindications. Information in the Databases is not a substitute for individual patient assessment based upon Customer’s examination of each patient and consideration of laboratory data and other factors unique to the patient. Customer bears full responsibility for the appropriate use of the information contained in the Databases.

In the performance of one or more agreements between CareFusion and Customer related to the collection of data (each, a "Data-Related Agreement"), CareFusion might receive protected health information, as defined by 45 C.F.R. §160.103, from or on behalf of Customer (collectively, "PHI"). The purpose of this Schedule is to permit CareFusion and Customer to comply with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. part 160 and part 164, subparts A and E ("Privacy Rule"), the Standards for Security of Individually Identifiable Health Information at 45 C.F.R. part 160 and part 164, subparts A and C ("Security Rule"), the HIPAA Omnibus Rule at 45 C.F.R. part 160 and 45 C.F.R. part 164 ("Omnibus Rule"), and the Health Information Technology for Economic and Clinical Health Act (Division A, Title XIII and Division B, Title IV, of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) (the "HITECH Act").

Definitions

Capitalized terms used, but not otherwise defined, in this Schedule shall have the same meaning as those terms in 45 C.F.R. §§160.103, 164.304, 164.402 and 164.501, unless otherwise indicated.

Schedule

- 1. Permitted Uses and Disclosures of PHI.** CareFusion shall not use or further disclose PHI except: (a) as permitted or required by this Schedule; (b) as "Required By Law," as that phrase is defined in 45 C.F.R. §164.103; or (c) as otherwise expressly agreed to in writing by Customer; and (d) consistent with Customer's policies and procedures regarding the minimum necessary use and disclosure of PHI. Except as otherwise limited in this Schedule, CareFusion may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Customer pursuant to the Data-Related Agreements, provided that to the extent CareFusion carries out any of Customer's obligations under the Privacy Rule, CareFusion shall comply with the requirements of the Privacy Rule that apply to Customer in the performance of its obligations.
- 2. Data Breach Notification and Mitigation Under Other Laws.** In addition to the requirements for PHI, CareFusion agrees to implement reasonable systems for the discovery and prompt reporting of any breach of individually identifiable information (including but not limited to PHI, and referred to hereinafter as "Individually Identifiable Information") that, if misused, disclosed, lost or stolen, would trigger an obligation under applicable state security breach notification laws ("State Breach") to notify the individuals who are the subject of the information as required by state security breach notification laws. CareFusion agrees to: (i) reasonably cooperate and assist Customer with any investigation into any State Breach or alleged State Breach; (ii) reasonably cooperate and assist Customer with any investigation into any State Breach or alleged State Breach conducted by a state agency or Attorney General; (iii) comply with state security breach notification laws regarding Customer's and CareFusion's obligations to mitigate to the extent practicable any potential harm to the individuals impacted by the State Breach; and (iv) reasonably assist with the implementation of any decision by Customer and CareFusion, or any State agency, to notify individuals impacted or potentially impacted by a State Breach.
- 3. Minimum Necessary.** In conducting functions and/or activities under the Data-Related Agreements and this Schedule that involve the use and/or disclosure of PHI, CareFusion shall make reasonable efforts to limit the use and/or disclosure of PHI to the minimum amount of information necessary as determined by Customer to accomplish the intended purpose of the use or disclosure.
- 4. Protection of PHI.** CareFusion shall use appropriate safeguards to prevent use or disclosure of PHI other than as permitted by this Schedule.
- 5. Reporting.** CareFusion shall report to Customer any use or disclosure of PHI not provided for by this Schedule of which CareFusion becomes aware, including any Security Incident. CareFusion shall promptly report to Customer any Breach consistent with the HITECH Act.
- 6. Mitigation.** CareFusion shall mitigate, to the extent practicable, any harmful effect that is known to CareFusion of a use or disclosure of PHI by CareFusion in violation of this Schedule.
- 7. Subcontractors and Agents.** CareFusion agrees to ensure that any subcontractors and agents to whom it provides PHI received from, or created, or received by, CareFusion on behalf of Customer agree in writing to the same restrictions and conditions set forth in the business associate provisions of the HIPAA that apply through this Agreement to CareFusion with respect to such information [45 C.F.R. §164.504(e)(2)(ii)(D)], including without limitation, compliance with both the HIPAA Privacy Rule and the HIPAA Security Rule, and protecting the security of electronic PHI.
- 8. Accounting to HHS.** CareFusion shall make its internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of Health and Human Services ("Secretary"), in a time and manner designated by Customer or the Secretary, for purposes of the Secretary determining Customer's compliance with the Privacy Rule, the Security Rule and the HITECH Act.
- 9. Documentation of Disclosures.** CareFusion shall document and maintain documentation of such disclosures of PHI and information related to such disclosures as would be required for Customer to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. §164.528.

10. Accounting of Disclosures. If Customer receives a request from an individual pursuant to 45 C.F.R. §164.528 for an accounting of Customer's disclosures of the individual's PHI and, in the course of attempting to satisfy the individual's request, Customer provides a written request to CareFusion, then CareFusion shall promptly provide Customer the information required to be included in an accounting pursuant to 45 C.F.R. §164.528(b)(2) for CareFusion's disclosures of PHI that are subject to an accounting pursuant to 45 C.F.R. §164.528(a)(1).

11. Designated Record Set. To the extent CareFusion maintains PHI in a "Designated Record Set," as that term is defined by 45 C.F.R. §164.501, CareFusion agrees to provide access, at the request of Customer, and in a reasonable time and manner, to PHI in a Designated Record Set to Customer in order for Customer to meet the requirements under 45 C.F.R. §165.524. If applicable, CareFusion agrees to make any amendment(s) to PHI in a Designated Record Set that Customer directs or agrees to pursuant to 45 C.F.R. §164.526 at the request of Customer and in a reasonable time and manner.

12. De-identification of PHI. CareFusion may de-identify PHI pursuant to 45 C.F.R. §164.514 and use the de-identified information for any lawful purpose. CareFusion's use and disclosure of such de-identified personal information will not be subject to the requirements set forth in this Schedule.

13. Data Aggregation. If CareFusion provides data aggregation services to Customer, CareFusion may use PHI to provide Data Aggregation services to Customer as permitted by 45 C.F.R. §164.504(e)(2)(i)(B).

14. Indemnification. Notwithstanding anything to the contrary which may be contained in any Underlying Agreement, including but not limited to any limitations on liability contained therein, CareFusion hereby agrees to indemnify, defend, and hold harmless Customer and its respective officers, directors, managers, members, employees and agents from and against any and all third party losses, damages, fines, penalties, claims or causes of action and associated expenses (including, without limitation, costs of judgments, settlements, court costs and attorney's fees) resulting from CareFusion's (including its employees, directors, officers, agents, or other members of its Workforce, and its SubContractors) breach of PHI or violation of the terms of this BAA, including but not limited to failure of CareFusion to perform its obligations under this BAA, or to comply with HIPAA or applicable state privacy or security law.

15. Right to Terminate for Material Breach. Customer may terminate this Schedule, and CareFusion's right and ability to continue to access PHI pursuant to a Data-Related Agreement, if CareFusion violates a material term of this Schedule. Customer may exercise such termination right by providing notice to CareFusion stating the basis for termination. Customer may choose to provide CareFusion with an opportunity to cure the breach. If CareFusion does not cure the breach within a reasonable period, not to exceed thirty (30) days, then Customer may immediately terminate the applicable Data-Related Agreement which gave rise to the violation. If neither termination nor cure is feasible, Customer may report the violation to the Secretary. Termination of a Data-Related Agreement pursuant to this Section shall have no effect upon any right or obligation created by any other written agreement between CareFusion and Customer, except as otherwise provided herein.

16. Return or Destruction of PHI. Upon termination of any Data-Related Agreement for any reason, CareFusion shall either return or destroy all PHI received from Customer, or created, maintained or transmitted on behalf of Customer. This provision shall apply to all such PHI in the possession of subcontractors or agents of CareFusion. CareFusion shall retain no copies of the PHI. If CareFusion determines that returning or destroying PHI is infeasible, then CareFusion shall explain to Customer the conditions that make return or destruction of the PHI infeasible. Upon mutual agreement that return or destruction of PHI is infeasible, CareFusion shall extend the protections of this Schedule to such PHI and limit further uses and disclosures of such PHI to those purposes that makes the return or destruction infeasible, for so long as CareFusion maintains the PHI.

17. Electronic PHI Safeguards. To the extent CareFusion creates, receives, maintains or transmits electronic PHI ("e-PHI") on behalf of Customer, CareFusion shall comply with the Security Rule and shall:

- (a) implement administrative, physical and technical Safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of e-PHI, in accordance with the Security Rule; and
- (b) ensure that any agent, including a subcontractor, that creates, receives, maintains or transmits e-PHI on CareFusion's behalf will (i) implement reasonable and appropriate Safeguards to protect e-PHI; and (ii) comply with any applicable requirement of the Security Rule.

18. Conformance with Modification of HIPAA or Regulations. If an amendment to or modification of HIPAA or its implementing regulations, including the Privacy Rule and the Security Rule, requires modification of this Schedule to permit Customer or CareFusion to remain in compliance with HIPAA and its implementing regulations or the HITECH Act during the term of this Schedule, then CareFusion and Customer shall enter into good faith negotiations to amend this Schedule to conform to any change required by such amendment or modification. Notwithstanding the foregoing, if Customer and CareFusion have not amended this Agreement to address a law or final regulation that becomes effective after the Effective Date and that is applicable to this Agreement, then upon the effective date of such law or regulation (or any portion thereof) this Agreement shall be amended automatically and deemed to incorporate such new or revised provisions as are necessary for this Agreement to be consistent with such law or regulation and for Customer and CareFusion to be and remain in compliance with all applicable laws and regulations.

19. **Interpretation.** Any ambiguity in this Schedule shall be resolved in favor of a meaning that permits Customer and CareFusion to comply with HIPAA, the Privacy Rule, the Security Rule and the HITECH Act.
20. **No Third Party Beneficiaries.** No provision of this Schedule is intended to nor shall confer any right, remedy, obligation or liability upon any person or entity other than Customer and CareFusion and their respective permitted successors or assigns.
21. **Term.** The Term of this Schedule shall begin on the effective date of the first Data-Related Agreement entered into by the Parties and shall continue until terminated in accordance with Section 13 of this Schedule, or until the final Data-Related Agreement between the Parties has terminated and all PHI is destroyed or returned to Customer in accordance with Section 14.
22. **Survival.** The obligations of CareFusion pursuant to this Schedule shall survive the termination, cancellation or expiration of any Data-Related Agreement.
23. **Primacy.** To the extent that any provisions of this Schedule conflict with the provisions of any other agreement or understanding between CareFusion and Customer, this Schedule shall control with regard to the subject matter of this Schedule.
24. **Independent Contractors.** No provision of this Schedule is intended to create, nor shall be deemed or construed to create, any employment, agency or joint venture relationship between Customer and CareFusion other than that of independent entities contracting with each other hereunder solely for the purpose of effectuating the provisions of this Schedule. None of the parties nor any of their respective representatives shall be construed to be the agent, employer or representative of the other. The parties have reviewed the factors to determine whether an agency relationship exists under the federal common law of agency and it is not the intention of either CareFusion or Customer that CareFusion constitute an "agent" under such common law.



Schedule Pyxis® Products Implementation Terms

These terms apply to implementation services for Pyxis® Equipment and Pyxis Software Products (collectively, "Pyxis Products") provided by CareFusion to Customer pursuant to applicable Customer Agreements (or, if applicable, a Rental Agreement or Purchase Agreement) (each, a "Customer Agreement") between the Parties.

1. Implementation Terms. These implementation terms (the "Implementation Terms"), together with the Implementation Timeline attached to a Customer Agreement, describe the process, tasks, responsibilities, completion criteria and deliverables for the Pyxis Products implementation project ("Project").

1.1. Overall Project. The Project consists of the installation of the Pyxis Products at Customer's site(s).

1.2. Project Resources. CareFusion and Customer agree to provide qualified resources throughout the duration of the Project.

2. Implementation Fees. Implementation Fees set forth in the applicable Customer Agreement, if any, will be invoiced upon execution of the Customer Agreement by both Parties.

3. Implementation Activities. The Project will be completed in stages as set forth in each Implementation Timeline. If a Customer Agreement contains multiple product lines, then separate Implementation Timelines may be included for each product line, as necessary. CareFusion and Customer will complete any applicable technical, infrastructure, and workflow assessment ("Implementation Assessment") at Customer's site(s), providing the basis for the implementation activities set forth herein and in each Implementation Timeline ("Implementation Activities"). CareFusion and Customer shall use commercially reasonable efforts to complete the Implementation Activities on or before the applicable Completion Date(s) set forth in the Implementation Timeline(s).

4. Medication Handling. CareFusion employees and agents ("CareFusion Personnel") shall not handle Customer's medications. Customer must be physically present and capable of observing CareFusion Personnel during any implementation activity in which CareFusion Personnel have access to Customer's medications. If Customer fails to do so, then CareFusion may re-schedule that activity and, upon invoice, Customer will reimburse CareFusion for expenses related to re-scheduling that activity.

5. Term Begin Date. The "Term Begin Date" is set forth in the Implementation Timeline. If the Customer Agreement is for the rental of Pyxis Products, then the Rental Term for each Pyxis Product shall begin on the Term Begin Date. If the Customer Agreement is for the purchase of Pyxis Products, then Customer shall pay the Net Purchase Price for each Pyxis Product within thirty (30) days of the Term Begin Date. If, due to the sole fault of CareFusion, a Pyxis Product is not Accepted (as such term is defined in Section 1.5 (Acceptance) of the General Terms and Conditions of the Master Agreement) until after the Term Begin Date, then the Term Begin Date shall be the first day of the month following the date the Pyxis Product is Accepted. The applicable Completion Dates for the Pyxis Products under a Customer Agreement shall not exceed six (6) months from the Term Begin Date. Notwithstanding the foregoing, if a Pyxis Product is not Accepted by the Term Begin Date for any reason that, in CareFusion's reasonable discretion, is not the sole fault of CareFusion (each, a "Delayed Product"), then Customer is nonetheless obligated to pay the applicable rental or purchase fee(s) on the Term Begin Date; provided, however, that if a Delayed Product has not been delivered or installed, then Customer may exchange the Delayed Product for an alternate Pyxis® product ("Alternate Product") of equal or greater value as determined under the then-current Pyxis® product price catalog, subject to the following: (a) if the rental or purchase fee(s) applicable to the Alternate Product is greater than the fee(s) for the Delayed Product, then Customer will pay the difference in such fees in accordance with the terms of the applicable Customer Agreement; (b) Customer will pay any applicable transaction fees, including, without limitation, CareFusion's costs of manufacturing, shipping and freight; and (c) if the Delayed Product has not been delivered to Customer, CareFusion may, at its sole option, cancel the Customer Agreement for that Pyxis Product.

If previously-installed Pyxis® products are being upgraded or subject to new terms and conditions, then the previously-applicable terms and conditions, including payment terms, for those products shall remain in full force and effect until the Term Begin Date, unless otherwise agreed to in writing by the Parties.

6. Conditions. The Completion Dates set forth in an Implementation Timeline are contingent upon CareFusion's timely receipt of all properly executed contract documents from Customer prior to the applicable Completion Date and the provision of adequate Customer resources as outlined herein. If Customer fails to provide access or otherwise prevents CareFusion from conducting an Implementation Activity, then (i) CareFusion may adjust affected deadlines and re-schedule the activity, and (ii) Customer shall reimburse CareFusion for expenses incurred due to re-scheduling.

These terms apply to support services (“Support”) for Pyxis® Equipment and Integral Software (as such term is defined below) (collectively, “Pyxis Products”) provided by CareFusion to Customer pursuant to the applicable Customer Order between the Parties in accordance with Section 1.2 of the Master Agreement. This Schedule does not apply to Software that is licensed separately by CareFusion under a Customer Order; provided, however, that if Software is commercially released or bundled by CareFusion as an integral part of the Pyxis Products under a Customer Order (“Integral Software”), then the terms of this Schedule will apply to the Integral Software.

1. **Support Term.** The “Support Term” for a Pyxis Product consists of the number of months stated in the applicable Customer Order, starting from the Term Begin Date stated in the applicable Implementation Timeline. If there is no Term Begin Date in an Implementation Timeline, then the initial Support Term will begin on the first day of the month after the Pyxis Product is Accepted. Unless a Party provides at least sixty (60) days’ prior written notice of its intention not to extend the Support Term, the initial Support Term will continue on a month-to-month basis (“Extended Term”) and the Monthly Support Fee will be based on the month-to-month rate set forth in the then-current Pyxis Product price catalog, less any applicable discounts. Either Party may terminate the Extended Term upon no less than thirty (30) days’ prior written notice.
2. **Payment of Monthly Support Fees.** Customer will pay the Net Monthly Support Fee stated in the Customer Order (“Monthly Support Fee”) on the first day of each month during the Support Term. CareFusion may increase the Monthly Support Fee once every twelve (12) months by no more than the Consumer Price Index for medical care plus two percent, provided the increase will be effective (i) upon at least ninety (90) days’ written notice to Customer and (ii) as of the anniversary date of the initial Support Term.
3. **Terms Applicable to Product Support.** The Customer Order identifies the Support Program (e.g., Standard, Advanced, or Elite) and product type (e.g., Pyxis® Equipment or Integral Software). Customer’s and CareFusion’s responsibilities for Support of the Pyxis Products will vary according to the Support Program set forth below.
4. **Properly Performing.** During the Support Term, CareFusion and Customer, as applicable, will provide Support necessary to keep the Pyxis Products and CareFusion’s side of any applicable interfaces (“Interfaces”) performing in accordance with the material specifications of the applicable User Guide (“Properly Performing”). If CareFusion determines that a Pyxis Product cannot be made Properly Performing through repair services, then CareFusion will replace portions of the Pyxis Equipment or restore the functionality of the Integral Software, as needed. During any Extended Term, CareFusion will use commercially reasonable efforts to restore the functionality of any Pyxis Product which is not Properly Performing, but will have no obligation to replace Equipment or Integral Software.
5. **Remote Support Services.** CareFusion will provide remote support services (“RSS”) on a 24/7/365 basis through CareFusion’s Technical Support Center (“TSC”). To permit access to the Pyxis Product via RSS, Customer will provide high-speed Internet access and firewall modifications to enable connectivity, if applicable. If Customer’s system, connectivity, or personnel prevent CareFusion from performing RSS on a Pyxis Product, then: (i) any Guaranteed Response Time or Uptime (as defined below) applicable to that Pyxis Product will be void; and (ii) Customer will pay CareFusion on a time and materials basis for any onsite services. Customer will permit CareFusion to install and maintain at Customer’s site the applications necessary to allow the deployment of Updates and Upgrades (as defined below) by RSS. Where RSS is not practical and direct access to equipment is required, Customer will allow CareFusion such access.
6. **Interface Modification.** If CareFusion modifies an Interface between a Pyxis Product and Customer’s information system as part of Support, then Customer will test the modified Interface within seventy-two (72) hours. Customer’s sole remedy related to Interface functionality will be for CareFusion to modify the Interface to provide full functionality.
7. **Replacement Parts.** CareFusion will adjust and replace non-consumable parts in Pyxis Equipment, including Pyxis CUBIE® Pockets, which are not Properly Performing for any reason other than an External Cause (as defined below). CareFusion will furnish replacement parts on an exchange basis.
8. **Preventative Maintenance.** CareFusion will perform onsite preventative maintenance of Pyxis Equipment in accordance with CareFusion’s then-current preventive maintenance schedule.
9. **Procedure to Obtain CareFusion Support.** Customer will promptly contact TSC by phone or through CareFusion’s on line support services portal if a Pyxis Product is not Properly Performing and Customer has attempted repair in accordance with applicable Customer Obligations as set forth below. TSC will work with Customer to perform initial troubleshooting. If the problem cannot be resolved in a timely manner through telephone and RSS, then Customer will allow CareFusion’s field service representative to perform onsite service. Within 72 hours of completion of any onsite service, Customer will test the connections between the Pyxis Product and Customer’s information system.

10. Standard Support Plan. If Customer elects CareFusion's Standard Support Plan, then the following terms will apply and the terms set forth under the Advanced Support Plan and Elite Support Plan will not apply.

10.1 Customer Obligations. Customer will be responsible for support of the following activities:

- (a) **Server Support.** Customer will provide services for (i) Customer's side of station and server network connectivity, (ii) customer-provided server hardware, and (iii) server-based, non-application related system performance and downtime, e.g., operating system, database issues, host system etc.
- (b) **System Requirements.** Customer will provide (i) station and server environment, e.g., power and plugs, etc., (ii) Customer data center and network availability, (iii) conformance with minimum server environment requirements for the Pyxis Product(s) as set forth in an applicable Hardware Requirements Schedule, and (iv) a virtual platform approved by CareFusion for all CareFusion-provided Virtual Machine deployments as set forth in an applicable Hardware Requirements Schedule.
- (c) **Peripherals.** Customer will provide support for all non-CareFusion provided peripheral products, e.g., mobile devices.
- (d) **Training Logistics.** CareFusion will inform Customer of training logistic requirements and Customer will provide appropriate resources, space and access to applicable system or equipment at the installation site to support training activities provided by CareFusion to Customer representatives.
- (e) **Virtual Machine (VM) Deployments.** For Integral Software deployed using VM technology, Customer will provide all services for (i) database backup and recovery, (ii) operating system patches, updates and security, and (iii) the performance of the applicable relational database server (e.g., MSSQL) instance for the Pyxis Product(s) as set forth in the hardware requirements.
- (f) **Active Directory.** For products that support Active Directory capability, Customer will provide integrated Active Directory services and user administration, e.g., passwords, user log-in, etc.
- (g) **Data Backup.** Where applicable, Customer will implement a network data backup capability that is remote to Pyxis Product(s) and in accordance with guidelines provided by CareFusion.
- (h) **Maintenance.** Customer will provide (i) basic product feature support for internal staff, including but not limited to general product use, facility-specific and general system settings and user log-in practices, (ii) basic hardware issue resolution, including drawer "jams" due to overfilling, cleaning of biometric identification devices, network cabling issues, and general equipment cleaning, and (iii) customer-specific network connectivity and configuration.
- (i) **Software Patching.** Customer will schedule and deploy CareFusion-approved software patches to servers (e.g., operating system, anti-virus, and product patches) for Pyxis Products that operate on the Pyxis ES technology platform ("Pyxis ES Products").

10.2 CareFusion Obligations. CareFusion will be responsible for the following Support activities:

- (a) **Maintenance.** CareFusion will provide 24/7/365 support for all Pyxis Products maintenance activities not covered under Section 10.1, Customer Obligations, including but not limited to, (i) all Pyxis Equipment break/fix activities that require a trained service technician for triage, troubleshooting and service part replacement; (ii) server application, (iii) defects in Pyxis Products (iv) station database and operating system services, (v) support for server hardware acquired from CareFusion, and (vi) Interfaces.
- (b) **Software Patching.** CareFusion will schedule and deploy CareFusion-approved software patches for products that are not the responsibility of Customer as set forth in Section 10.1 above (e.g., all stations, servers that are not maintained by Customer).
- (c) **Customer Training.** CareFusion will provide training one time to a mutually agreed-upon number of designated Customer personnel to perform the activities set forth under Section 10.1 above, Customer Obligations item (h) Maintenance.

11. Advanced Support Plan. If Customer elects the Advanced Support Plan, then the following terms will apply and the terms set forth under the Standard Support Plan and Elite Support Plan will not apply.

11.1 Customer Obligations. Customer will be responsible for Support of the following activities:

- (a) **Server Support.** Customer will provide services for (i) Customer's side of station and server network connectivity, (ii) customer-provided server hardware, and (iii) server-based, non-application related system performance and downtime, e.g., operating system, database issues, host system etc.
- (b) **System Requirements.** Customer will provide (i) station and server environment, e.g., power and plugs, etc., (ii) Customer data center and network availability, (iii) conformance with minimum server environment requirements for the Pyxis Product(s) as set forth in an applicable Hardware Requirements Schedule, and (iv) a virtual platform approved by CareFusion for all CareFusion-provided Virtual Machine deployments as set forth in an applicable Hardware Requirements Schedule.
- (c) **Peripherals.** Customer will provide support for all non-CareFusion provided peripheral products, e.g., mobile devices.
- (d) **Training Logistics.** CareFusion will inform Customer of training logistic requirements and Customer will provide appropriate resources, space and access to applicable system or equipment at the installation site to support training activities provided by CareFusion to Customer representatives.
- (e) **Virtual Machine (VM) Deployments.** For Integral Software deployed using VM technology, if the applicable relational database server (e.g., MSSQL) instance is not housed locally in the CareFusion-provided VM container, then Customer will facilitate services for (i) database backup and recovery activities (to the extent that Customer has met its obligations defined in Section 11.1 (g)), (ii) operating system patches, updates and security, and (iii) the applicable relational database server (e.g., MSSQL) instance. If the applicable relational database server instance is housed locally in the CareFusion-provided VM container then CareFusion shall have these obligations as set forth in Section 11.2 (e).
- (f) **Active Directory.** For products that support Active Directory capability, Customer will provide integrated Active Directory services and user administration, e.g., passwords, user log-in, etc.
- (g) **Data Backup.** Where applicable, Customer will implement a network data backup capability that is remote to Pyxis Product(s) and Integral Software and in accordance with guidelines provided by CareFusion.
- (h) **Maintenance.** Customer will provide (i) basic product feature support for internal staff, including but not limited to general product use, facility-specific and general system settings and user log-in practices, and (ii) customer-specific network connectivity and configuration.
- (i) **Software Patching.** Customer will schedule and deploy CareFusion-approved software patches to servers (e.g., operating system, anti-virus, and product patches) for Pyxis ES Products.

11.2 CareFusion Obligations. CareFusion will be responsible for the following Support activities:

- (a) **Maintenance.** CareFusion will provide 24/7/365 support for all Pyxis Products maintenance activities including but not limited to (i) basic product feature support, (ii) basic hardware issue resolution, including drawer jams, cleaning of biometric identification devices, and network cabling issues, (iii) all Pyxis Equipment break/fix activities that require a trained service technician for triage, troubleshooting and service part replacement, (iv) defects in Pyxis Products, (v) station database and operating system services, (vii) support for server hardware acquired from CareFusion, and (viii) Interfaces.
- (b) **Software Patching.** CareFusion will schedule and deploy CareFusion-approved software patches for products that are not the responsibility of Customer as set forth in Section 11.1 above (e.g., all stations, servers that are not maintained by Customer).
- (c) **Equipment Relocation.** Upon thirty (30) days' written notice from Customer, CareFusion will relocate Pyxis Equipment to another Customer facility within one hundred (100) miles. Relocation services will be provided during normal business hours or as otherwise mutually agreed upon by Customer and CareFusion.

- (d) **Standard Interfaces.** CareFusion will provide scheduled Interface changes, upgrades, and conversions to standard ADT and billing Interfaces for pharmacy and materials management, as well as profile Interfaces for pharmacies where the Pyxis Profile system is in place and replenishment interfaces outbound only for materials management (“Interface Changes”), subject to the following conditions: (i) Interface Changes consist only of adding features and/or functionality to the standard Interfaces; (ii) CareFusion will implement such Interface Changes either remotely or on-site, in its sole discretion, (iii) host conversion Interface Changes will be provided at no additional charge during the Support Term, and (iv) Interface Change conversion assistance to accommodate migrations to new host environments will be provided at no charge during the Support Term; additional interface conversion assistance can be provided as requested by Customer at then-current prices, 24/7 with the exception of federal holidays recognized by CareFusion, less applicable discounts.
- Host conversion and Interface modification assistance is provided Monday through Sunday, 24 hours a day as requested by customer with the exception of holidays recognized by CareFusion. Assistance during recognized holidays is available at CareFusion’s established Time and Material rates.
- (e) **Virtual Machine (VM) Deployments.** For Integral Software deployed using VM technology, if the applicable relational database server (e.g., MSSQL) instance is housed locally in the CareFusion-provided VM container, then CareFusion will provide services for (i) database backup and recovery, (ii) operating system patches, updates and security, and (iii) the applicable relational database server (e.g., MSSQL). If the applicable relational database server instance is not housed locally in the CareFusion-provided VM container then Customer shall have these obligations as set forth in Section 11.1 (e).
- (f) **Customer Training.** CareFusion will provide training one time to a mutually agreed-upon number of designated Customer personnel to perform the activities set forth under Section 11.1, Customer Obligations item (h) Maintenance.

12. Elite Support Plan. If Customer elects CareFusion’s Elite Support Plan, then the following terms will apply and the terms set forth under the Standard Support Plan and Advanced Support Plan will not apply except as set forth herein.

12.1 Customer Obligations. Customer will be responsible for Support of the following activities:

- (a) **Server Support.** Customer will provide services for (i) Customer’s side of station and server network connectivity, (ii) customer-provided server hardware, and (iii) server-based, non-application related system performance and downtime, e.g., operating system, database issues, host system etc.
- (b) **System Requirements.** Customer will provide (i) station and server environment, e.g., power and plugs, etc., (ii) Customer data center and network availability, (iii) conformance with minimum server environment requirements for the Pyxis Product(s) as set forth in an applicable Hardware Requirements Schedule, and (iv) a virtual platform approved by CareFusion for all CareFusion-provided Virtual Machine deployments as set forth in an applicable Hardware Requirements Schedule.
- (c) **Peripherals.** Customer will provide support for all non-CareFusion provided peripheral products, e.g., mobile devices.
- (d) **Data Backup.** Where applicable, Customer will implement a network data backup capability that is remote to Pyxis Product(s) and in accordance with guidelines provided by CareFusion.

12.2 CareFusion Obligations. CareFusion will be responsible for the following Support activities:

- (a) **Advanced Support Activities.** CareFusion will provide the Support activities set forth in Section 11.2 Advanced Support Plan, CareFusion Obligations, items (a) through (f).
- (b) **Customized Performance Reporting.** CareFusion will provide a quarterly report of Customer’s service call activity, TSC cases and performance related to applicable response time or Uptime guarantees within fifteen (15) business days after each calendar quarter during the Support Term.
- (c) **Station Performance Diagnostics.** CareFusion will provide annual Station Performance Diagnostics services for each Pyxis Equipment device to analyze and, where possible, improve device performance.

- (d) **Direct Access to TSC Manager Representative.** CareFusion will designate a TSC manager who will be available during CareFusion's business hours to respond to Customer's questions or concerns regarding the overall quality of TSC support.
- (e) **Direct Access to Local Service Manager.** CareFusion will designate a local CareFusion Support Service manager who will be available during business hours to discuss Customer's satisfaction with the Support Services and respond to any suggestions Customer may have for improvement.
- (f) **Software Patching.** CareFusion will schedule and deploy CareFusion-approved software patches to stations (e.g., operating system, anti-virus, and product patches). At Customer's request CareFusion will deploy applicable CareFusion product software patches to Customer-owned servers, pending Customer's and CareFusion's review of patch requirements and related system configurations.
- (g) **Station Performance Diagnostics.** For Pyxis ES Products, CareFusion will provide annual Station Performance Diagnostics services for each Pyxis ES Product to analyze and, where possible, improve device performance.
- (h) **Proactive Monitoring.** For Pyxis ES Products, CareFusion will provide continuous 24/7/365 monitoring of Pyxis ES Product performance via Remote Support Services and will proactively notify identified Customer representatives of specific alarms and events that CareFusion has acted upon either to prevent a reactive service condition or to correct a reactive condition that may have occurred.

13. Exclusions and Limitations.

13.1 External Causes. CareFusion is not obligated to perform Support for any part of a Pyxis Product which is not Properly Performing because of: (i) abuse, misuse or vandalism; (ii) unauthorized repairs, including modification, alteration and adjustment; (iii) failure of equipment not supplied by CareFusion; (iii) a computer virus or other disabling code introduced by a source other than CareFusion; (iv) any Support activity that is a Customer obligation as defined under Sections 10.1, 11.1 or 12.1 above ("Customer Obligations"); or (v) Customer prevents or refuses installation of an Update or Upgrade which Customer has purchased or is otherwise entitled to receive (collectively, "External Causes"). If Customer requests that CareFusion attempt to correct a problem with a Pyxis Product attributable to an External Cause, then CareFusion will perform repair services on a time and materials basis at CareFusion's then-current rates and prices.

13.2 Customer Equipment. CareFusion will not be obligated to provide Support for products that are not Pyxis Products, including but not limited to Customer's equipment, software and personal peripheral devices (e.g., mobile devices, printers) used in conjunction with the Pyxis Products.

13.3 Consumables. Support does not include the replacement or installation of consumables, including but not limited to batteries, paper and toner.

13.4 Limitation on Support and Maintenance Activities. Notwithstanding any other provision to the contrary set forth herein, CareFusion shall provide Support and maintenance for the Pyxis Products only with respect to the two (2) most recent Upgrades of the Software.

13.5 Additional Services. Any service not specifically identified herein as a component of the Support Plan elected by Customer under the Customer Order may be provided by CareFusion under separate agreement between the Parties at then-current Time and Materials rates for that service ("Additional Services Agreement").

14. Additional Support Terms.

14.1 Guaranteed Response Time. CareFusion guarantees that a field service representative will arrive at the location of the Pyxis Product within the timeframe set forth in the table below, calculated from the time of dispatch from TSC ("Guaranteed Response Time"). If CareFusion is solely responsible for failing to meet the Guaranteed Response Time, then as Customer's sole and exclusive remedy, CareFusion will apply the credit set forth below, provided that Customer gives written notice to CareFusion within the time period specified below. This subsection does not apply to Support cases for Integral Software only.

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Support Type	Guaranteed Response Time	Written Notice to be given by Customer to CareFusion	Guaranteed Response Time Credit
Standard Plan	Within 24 hours	Within 10 days of the end of the calendar month in which dispatch occurred	5% of the Monthly Support Fee for the affected Pyxis Product(s)
Advanced Plan	Within timeframe set forth in applicable Customer Order, either 8 or 24 hours	Within 10 days of the end of the calendar month in which dispatch occurred	20% of the Monthly Support Fee for the affected Pyxis Product(s)
Elite Plan	Within four hours on 95% of onsite service dispatches that calendar month	Within 10 days of the end of the calendar month in which dispatch occurred	5% of the total Monthly Support Fee for all Pyxis Products

14.2 Uptime Guarantee. CareFusion guarantees that a Pyxis Product that is RSS-enabled (“RSS-Enabled Product”) will be Properly Performing (“Up”) no less than the percentage set forth in the table below of the total number of hours during each calendar month of the Support Term (“Uptime Guarantee”). CareFusion will determine if an RSS-Enabled Product is not Up beginning on the date and time that CareFusion identifies such product as not in service for reasons other than: (i) performance of scheduled preventative maintenance; (ii) delays caused by Customer; (iii) External Cause; or (iv) any period that Customer or Customer’s information system does not permit CareFusion to provide Support for such Pyxis Product.

Uptime will be calculated as follows:

Uptime = ((Total # of devices at a site * 24 hrs per day * # days in month)-(Total # of Service Case Hours in the month for that site))/ (Total # of devices at a site * 24 hrs per day * # days in month). “Service Case Hours” means the total number of hours required to resolve a reported issue for a Pyxis Product, from the time a case is opened by the TSC until it is closed.

If CareFusion is solely responsible for not meeting the Uptime Guarantee, then, as Customer’s sole and exclusive remedy, CareFusion will apply the credit set forth in the table below (if any) to the Total Monthly Support Fee(s) for all RSS-Enabled Pyxis Product(s) subject to the Uptime Guarantee provided that: (i) Customer gives written notice to CareFusion within the timeframe specified below; and (ii) CareFusion verifies Customer’s claim. Any credit will be applied in the month following the end of the next business quarter.

Support Type	Uptime Guarantee	Written Notice to be given by Customer to CareFusion	Uptime Guarantee Credit
Standard Plan	None	N/A	N/A
Advanced Plan	97%	Within 30 days of the end of any calendar quarter	5%
Elite Plan	97%	Within 30 days of the end of any calendar quarter	10%

14.3 Updates. “Update” means a bug fix, patch, error correction, virus update, minor enhancement or modification to existing features to maintain the security or operation of the Integral Software. During the Support Term, if CareFusion generally releases an Update to the Integral Software, then CareFusion will install the Update via RSS or by other means chosen by CareFusion and will deliver notice to Customer of the Update. Customer will promptly test the connections between the Pyxis Product and Customer's information system.

14.4 Upgrades. “Upgrade” means a major enhancement, new feature or other improvement to the Integral Software, but does not include any hardware, Third Party Software, or any other Integral Software that CareFusion generally licenses separately. During the Support Term, if CareFusion generally releases an Upgrade to the Integral Software, then CareFusion will install the Upgrade via RSS or by other means chosen by CareFusion and will deliver notice to Customer of the Upgrade. Customer will promptly test the connections between the Pyxis Product and Customer's information system.

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15. Onsite Support. Customer may cancel scheduled onsite Support by delivering notice to TSC no less than two (2) business days prior to the start date. If Customer fails to provide such notice or otherwise prevents CareFusion from performing scheduled onsite Support, then the Guaranteed Response Time will not be honored, and the Uptime calculation will not include the Service Case Hours associated with that service call. CareFusion employees and agents ("CareFusion Personnel") shall not handle Customer's medications. Customer must be present and capable of monitoring CareFusion Personnel during any activity involving Pyxis Products in which medications are present. If Customer fails to do so, then Customer will reimburse CareFusion for any expenses related to re-scheduling such activity.

16. Termination for Cause by CareFusion. Notwithstanding anything to the contrary in the applicable Master Agreement, CareFusion may suspend performance of Support under this Schedule, or cancel one or more Support Terms, upon written notice if Customer: (i) fails to comply with any material term or condition under this Schedule, or fails to make any payment required pursuant to any Customer Order for Pyxis Products; and (ii) fails to cure such non-compliance within thirty (30) days (or within ten days for any past due payment) after receipt of such written notice providing full details of such non-compliance.



Schedule Pyxis Pharmogistics® Products

These terms apply to any product listed on a Customer Order that is: (i) Pyxis Pharmogistics® inventory management software, carousel or equipment; (ii) Pyxis Pharmopack® medication packaging and barcoding technology, or (iii) a Pyxis Pharmocode™ barcode labeling system (collectively, "Pharmogistics Products") provided by CareFusion to Customer pursuant to applicable Customer Agreements between the Parties. This Schedule does not apply to any other Product. The Pyxis® Products Support Terms Schedule does not apply to Pharmogistics Products.

1. Installation.

1.1 Action Plan. CareFusion will provide to Customer in writing all site preparation requirements, including physical, electrical and environmental requirements ("Site Requirements"). Taking the Site Requirements into account, Customer and CareFusion will agree in writing on an appropriate site for the proper installation of each item of Pharmogistics Product ("Installation Site").

1.2 Site Preparation. Customer will make any required modifications or improvements to the Installation Site, including, without limitation, removing doors or constructing walls. Customer will provide a receptacle for disposal of packaging material and any other debris. CareFusion will not be required to install any Pharmogistics Product until (i) each Installation Site fully complies with all Site Requirements, and (ii) Customer has obtained any required permits or authorizations ("Permits"). Upon request, Customer will provide written evidence that all Permits have been obtained. Customer is solely responsible for compliance with any applicable building codes.

1.3 Implementation Timeline. Customer and CareFusion will perform their respective implementation activities pursuant to the applicable Implementation Timeline, to be executed by the Parties with the Customer Agreement and attached thereto as a Customer Order Attachment ("Implementation Timeline"). Customer will timely perform its implementation activities (including, without limitation, delivery of medication lists) and will not delay CareFusion's performance of implementation activities. If Customer causes material delay, the Pharmogistics Products will be stored at Customer's expense until implementation activities can resume.

1.4 Implementation Fees. CareFusion will invoice Customer for the installation fees for each Pharmogistics Product as stated in the Customer Order ("Implementation Fees") upon both Parties' signature of the Customer Order ("Effective Date"). Customer shall pay for the Implementation Fees net thirty (30) days from the invoice date.

1.5 Non-Cancellable Order. Customer understands and agrees that Pharmogistics Products are custom made and a Customer Order for a Pharmogistics Product is non-cancelable as of the Effective Date of the Customer Order. If Customer does not complete the installation of a Pharmogistics Product in accordance with the Pharmogistics Implementation Timeline or by an alternative mutually agreed upon date ("Order Default"), then, in addition to and without prejudice to any other remedy available at law or equity, (a) Customer shall be obligated to pay the unpaid balance of all Monthly Rental Fees in accordance with Section 9 of the Equipment Rental Schedule or, if a purchase transaction, the Net Purchase Price set forth in the Customer Order in accordance with the terms of the Pharmogistics Implementation Timeline; and (b) CareFusion will retain the Implementation Fees as damages for the Canceled Order.

1.6 Interfaces. CareFusion will develop its side of the interfaces between the Pharmogistics Software and (i) Customer's Pyxis MedStation® system, and (ii) Customer's pharmacy information system (collectively, "Pharmogistics Interfaces"). CareFusion will prepare file set-up for Customer's wholesaler system to enable re-ordering. Customer will develop any required interface between the Pharmogistics Products and Customer's computer systems, and will ensure that ADU and PhIS vendors cooperate with CareFusion and timely deliver their side of the HL-7 interfaces. CareFusion will interface with Pharmopack® packagers, but not with Customer's existing High Speed Packaging systems. CareFusion will use commercially reasonable efforts to work with Customer's other vendors to ensure Pharmogistics Interfaces perform in accordance with the Master Agreement. If non-standard interfaces are required in relation to the Pharmogistics Interfaces, then CareFusion will determine whether it can develop such interfaces at its then-current pricing, and the Parties will agree on the provision of such interfaces in writing during the implementation activities. CareFusion is not responsible for integration or interfaces other than CareFusion's side of the interfaces, including, without limitation, another vendor's software or interfaces, unless agreed to in a writing signed by both Parties.

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1.7 Calibration.

(a) Within thirty (30) days of the "Planning Activity Completion Date" set forth in the Pharmogistics Implementation Timeline, Customer will provide to CareFusion a written or electronic list of all medical drugs and/or nutraceuticals to be packaged using the Pharmogistics Products (the "Pharmaceutical List").

(b) There is no charge for the initial calibration of the Pharmogistics Products prior to completion of the implementation activities for up to a maximum of the number of canisters held in the Pharmogistics Products, including any request to revise the Pharmaceutical List and re-calibrate a canister made within thirty (30) days of the Pharmaceutical List Date. If, at any time after thirty (30) days from the Pharmaceutical List Date, Customer wishes to revise the Pharmaceutical List and re-calibrate a canister in a Pharmogistics Product to include a new medical drug or nutraceutical, then Customer will (i) deliver to CareFusion a revised Pharmaceutical List, clearly indicating the requested change(s), (ii) pay CareFusion a re-calibration fee of one hundred thirty-two dollars (\$132) per canister plus any applicable shipping and handling charges and (iii) return the canister being re-calibrated. If Customer splits its canister order by providing CareFusion thirty (30) days' notice of its split calibration order before the Pharmaceutical List Date, then Customer may have the remaining canisters calibrated within twelve (12) months from the date of Acceptance of the Pharmogistics Product ("Calibration Period"). Customer will pay for any shipping charges to and from CareFusion's calibration center for the remaining canisters to be calibrated. After the Calibration Period, Customer will pay a fee of one hundred thirty-two dollars (\$132) per canister plus any applicable shipping and handling charges. Calibration and re-calibration fees are subject to change to CareFusion's then-current rates, provided that any fee increase will not occur more than once per year.

1.8 Customer Assistance. Customer will promptly provide any assistance reasonably requested by CareFusion in connection with CareFusion's performance of its obligations, including without limitation, pre-implementation, installation, support or removal of Pharmogistics Products.

1.9 Acceptance Test. The Pharmogistics Products will be deemed to have been correctly installed and accepted ("Accepted") if they perform at the Installation Site(s) in accordance with the specifications outlined in Exhibit A ("Specifications"). The date upon which the Pharmogistics Products are Accepted is the "Acceptance Date."

1.10 Training.

(a) Trained Personnel. CareFusion will provide two four (4) hour onsite training sessions held on a single day per Installation Site ("Customer Trained Personnel"). Customer may designate up to eight (8) pharmacists and/or support technicians for training at each Installation Site. Such training will be provided at a mutually-agreed time to be confirmed in writing and completed no later than thirty (30) days before the Term Begin Date ("Training Date"). Within thirty (30) days of the scheduled Training Date, Customer will provide to CareFusion: (i) the names and contact information for each of its Customer Trained Personnel; (ii) the Installation Site name and address; (iii) the total number of Pharmogistics Products to be installed at the Installation Site; and (d) confirmation of the dates and locations for training activities.

(b) Additional Training. Any additional training will be provided by CareFusion at its then-current rates plus reasonable out-of-pocket expenses at such time and place as the Parties mutually agree.

2. Support.

2.1 Support Term. The "Support Term" for a Pharmogistics Product consists of any period of time that CareFusion agrees to support the Pharmogistics Product for Customer pursuant to the applicable Customer Order. The period of the initial Support Term for each Pharmogistics Product will be the number of months stated in the Customer Order for that Pharmogistics Product. The initial Support Term for each Pharmogistics Product will commence on the Term Begin Date stated in the Implementation Timeline applicable to that Pharmogistics Product. If there is no Implementation Timeline or if there is no Term Begin Date stated in the Implementation Timeline, then the Term Begin Date for the Support Term will be the first day of the next month following the date that such Pharmogistics Product is Accepted. Unless a Party provides at least sixty (60) days' notice of its intention not to renew the initial Support Term, the initial Support Term will continue on a month-to-month basis ("Extended Term") and the Monthly Support Fee will be based on the month-to-month rate set forth in the then-current Pyxis® products price catalog, less any applicable discounts. Either Party may terminate this continued Support Term effective upon thirty (30) days' prior written notice.

2.2 Payment of Monthly Support Fees. Customer will pay the Net Monthly Support Fee stated in the Customer Order ("Monthly Support Fee") on the first day of each month during the Support Term. CareFusion may increase the Monthly Support Fee annually by no more than the then-current Consumer Price Index for medical care plus two (2) percent, effective as of the anniversary date of the beginning of the initial Support Term.

Schedule Pyxis Pharmogistics® Products

2.3 Basic Services. CareFusion will provide the following basic support services (collectively, “Services”) to Customer for each Pharmogistics Product during the Support Term.

- (a) Properly Performing; Repairs and Replacement Parts. During the Support Term, CareFusion and Customer, as applicable, will provide Services necessary to keep the Pharmogistics Products performing substantially in accordance with the specifications of the applicable Specifications (“Properly Performing”). If CareFusion determines that a Pharmogistics Product cannot be made Properly Performing through repair services, then CareFusion will replace portions of the Pharmogistics Products or restore the functionality of the Pharmogistics Software on an exchange basis, as needed. All parts furnished by CareFusion will become components of the Pharmogistics Products. During any Extended Term, CareFusion will use commercially reasonable efforts to restore the functionality of any Pharmogistics Product which is not Properly Performing, but will have no obligation to replace the Pharmogistics Product.
- (b) Remote Support Services. CareFusion will provide remote support services (“RSS”) 24 hours a day, 365 days a year through CareFusion’s Technical Support Center (“TSC”). To permit RSS, Customer will provide continuously-connected high-speed Internet access via Secure Socket Layer (Port 443). If Customer's system, connectivity, or personnel prevent CareFusion from performing RSS on a Pharmogistics Product, then Customer will pay CareFusion on a time and materials basis for any onsite services. Customer will permit CareFusion to install and maintain at Customer’s site the infrastructure necessary to allow the deployment of Updates and Upgrades (as defined below) by RSS.
- (c) Support Procedure. Customer Trained Personnel will be responsible for determining whether the Pharmogistics Products require any repair or maintenance services. CareFusion will provide Customer with knowledge management tools at no additional cost to determine if the reported issue is a known problem or has a known resolution. If Customer Trained Personnel determine that Pharmogistics Product Services by CareFusion are required, such personnel will call 1-877-PHARM-44 (877-742-7644) to report trouble with the Pharmogistics Products. Customer Trained Personnel will provide the following information: (i) detailed description of problem; (ii) trouble-shooting that has been performed by Customer Trained Personnel, and (iii) contact information of Customer Trained Personnel reporting the problem.
- (d) Consumables. Services do not include the acquisition, replacement or installation of consumables, including without limitation, batteries, paper, toner, printer ribbon and labels.
- (e) Preventative Maintenance. At Customer’s request, CareFusion will perform on-site preventative maintenance of Pharmogistics Products in accordance with CareFusion’s internal preventive maintenance schedule (as modified from time to time) for each Pharmogistics Product.
- (f) Software Updates and Upgrades. If CareFusion generally releases an Update or Upgrade to the Pharmogistics Software, then CareFusion will install the Update or Upgrade, deliver notice to Customer of the Update or Upgrade, and Customer will promptly perform an audit of the proper communication of transactions between the Pharmogistics Product and Customer's information system. An “Update” will include bug fixes, patches, error corrections, virus updates, minor enhancements or modifications to existing features to maintain the security or operation of the Pharmogistics Software. An “Upgrade” will include new applications, functionality enhancements or other improvements to the Pharmogistics Software; provided however, that an Upgrade will not include any hardware, third party software, or any software that CareFusion generally licenses as a separate product from the Pharmogistics Software.

2.4 Exclusions. CareFusion has no obligation to provide any Services for Pharmogistics Products due to errors, malfunctions or defects arising from: (i) abuse, neglect or misuse; (ii) use of unauthorized parts or failure to maintain the Pharmogistics Products in accordance with CareFusion’s written instructions; (iii) installation, relocation or re-installation of the Pharmogistics Products or Pharmogistics Software by anyone other than CareFusion; (iv) unauthorized modifications, enhancements or additions made by anyone other than CareFusion; (v) causes other than ordinary use under normal conditions, including without limitation, accident, fire or water damage, air conditioning failure or humidity control failure; (vi) failure by Customer to maintain the Site Requirements; or (vii) use of the Pharmogistics Products or Pharmogistics Software with any equipment, accessories, components, consumables or software not provided by CareFusion specifically for use with such Pharmogistics Products or Pharmogistics Software (unless previously approved in writing by CareFusion). Any services provided by CareFusion with respect to any of the foregoing exclusions or for any other cause that is not attributable to CareFusion will be billed to Customer at CareFusion’s then-current rates.

Schedule Pyxis Pharmogistics® Products

3. Warranty. Notwithstanding anything to the contrary in the Master Agreement, the following provisions apply to the Pharmogistics Products:

3.1 Limited Warranty. CareFusion warrants to Customer that: (i) the Pharmogistics Products, as originally delivered by CareFusion and in normal service and under normal conditions, will be free from defects in material and workmanship and will conform with the Specifications applicable to such Pharmogistics Products for ninety (90) days from the Acceptance Date (the "Equipment Warranty"); (ii) the Pharmogistics Software, as originally delivered by CareFusion, will conform with the Specifications applicable to the Pharmogistics Software during the ninety (90) day period from the Acceptance Date; (iii) Pharmogistics Software will be free of material defects; (iv) the Pharmogistics Software is compatible with hardware provided by CareFusion and with Customer's environment so long as Customer's environment complies with the Site Requirements; (v) that the Pharmogistics Software will not include any disablers, time-bombs, including encrypted software keys, Trojan horses and any other such virus or other instructions of any kind designed to terminate or disrupt the operation of the Pharmogistics Software (the "Software Warranty"); and (vi) all repairs made to the Pharmogistics Products will be free from defects in material and workmanship for a period of ninety (90) days after completion (the "Service Warranty," and collectively with the Equipment Warranty and Software Warranty, the "Pharmogistics Warranties").

3.2 Remedies. CareFusion's exclusive obligation and liability, and Customer's exclusive remedy, for breach of the Equipment Warranty are for CareFusion to promptly repair or replace (at its option), free of charge, the defective part(s) of the applicable Pharmogistics Product. CareFusion's exclusive obligation and liability, and Customer's exclusive remedy, for non-conformance with the applicable Specifications of the Software Warranty, are for CareFusion to promptly use reasonable efforts to correct or provide workarounds pre-approved in writing by Customer or re-install the non-conforming Pharmogistics Software, free of charge, provided that Customer has given to CareFusion sufficient details to enable CareFusion to recreate or simulate the non-conformance. CareFusion's exclusive obligation and liability, and Customer's exclusive remedy, under the Service Warranty are for CareFusion to promptly re-perform, at CareFusion's expense, the Services.

3.3 Warranty Conditions. Any claim by Customer under any of the Pharmogistics Warranties will be made promptly to CareFusion in writing prior to the expiration of the applicable Pharmogistics Warranty period set forth above. Failure by Customer to notify CareFusion prior to the end of such applicable Pharmogistics Warranty period will result in the loss by Customer of any and all benefits associated with the applicable Pharmogistics Warranty. The Pharmogistics Warranties are made to and for the benefit of Customer only. The applicable Pharmogistics Warranty period will not be extended for any reason whatsoever, including the suspension of the use of any Pharmogistics Product(s) because of repair, examination or any other reason, unless directly caused by CareFusion.

3.4 Warranty Exclusions. EXCEPT FOR THE LIMITED WARRANTIES SET FORTH HEREIN, CAREFUSION DISCLAIMS AND EXCLUDES ALL OTHER WARRANTIES REGARDING THE PHARMOGISTICS PRODUCTS, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR ARISING UNDER USAGE OF TRADE OR COURSE OF PERFORMANCE.

4. General.

4.1 Change in System Settings. CareFusion will notify Customer in advance of any changes to system settings to be made by CareFusion personnel, except in emergency situations, in which case CareFusion will notify Customer in writing via email within two (2) business days of such changes.

4.2 Relocation of Pharmogistics Products. Upon request, CareFusion will relocate and re-install a Pharmogistics Product at CareFusion's then-current rates provided that the new installation site meets the applicable Site Requirements and Customer has obtained any Permits. Customer will be solely responsible for, and CareFusion will have no liability or obligation with respect to, restoring the original Installation Site and the premises after the removal of any Pharmogistics Products.

4.3 Subcontractors. CareFusion may, in its sole discretion, engage one or more subcontractors to perform any of its duties, including without limitation, implementation activities, training and support, provided that CareFusion will remain responsible for any such subcontractor's performance.

Schedule Pyxis Pharmogistics® Products

Exhibit A Specifications

1. Statement of Purpose:

- 1.1. *The following document outlines and describes the functionalities for Pharmogistics® Version 1.0 software.*
- 1.2. *The following document outlines and describes the hardware functionalities for hardware elements that are essential to the proper operation of the Pharmogistics® inventory control system.*

1.3. Contents:

- 1.3.1. Operational Workflow (2)
- 1.3.2. Inventory Control (3)
- 1.3.3. Reporting (4)
- 1.3.4. Hardware (5)
- 1.3.5. User and Role Based Security (6)

2. Operational Workflow:

- 2.1. *This section describes the operational workflow associated with order processing, special medication identification, medication file and carousel set-up, medication file maintenance, and downtime operations.*

2.2. Orders:

2.2.1. Order types include, but are not limited to:

- 2.2.1.1. New orders
- 2.2.1.2. Cart-fill
- 2.2.1.3. Missing medication or re-dispense
- 2.2.1.4. Automated Dispensing Cabinet fills, stock-outs and critical lows, pended OMNL
- 2.2.1.5. Remote locations
- 2.2.1.6. Multi-part

2.2.2. Medication picks must be validated by bar-code scan.

2.2.3. If bar-code scan cannot be performed, a pharmacist sign-off must be available, which utilizes:

- 2.2.3.1. ID and Password

2.2.4. Must be able to stage orders based on order type prioritization.

- 2.2.4.1. Order types are given priority during software set up.
- 2.2.4.2. Ability to manually override to force a pick of any item at any time.

2.2.5. Ability to create visible differentiation both on-screen and on-label to discern between fill types, and special medications.

2.3. Specific functionalities based on order type:

2.3.1. ADU Filling:

- 2.3.1.1. Global quantity rounding by med; rounding on inbound ADU transactions to round; 6 or < round to nearest 5, 7 or > round to nearest 10. Can turn-off/on at Item and/or Station Level in Pharmogistics®.

2.3.2. ADU Stock-outs:

- 2.3.2.1. Ability to disable stock-out labels based on med or location.
- 2.3.2.2. Ability to control time delay between duplicate stock-out requests sent to carousel.

2.3.3. ADU Critical-lows:

- 2.3.3.1. Ability to control time delay between duplicate critical low requests sent to carousel.
- 2.3.3.2. If critical low is still in transaction log will update the request to most current quantity. If already picked will ignore based a determined timeframe.

2.4. "Special Search" ability to locate specific transactions in the Transaction Queue

2.5. "Instant Pick" of any pick transaction enables priority over-ride picking of specific desired transactions

2.6. Manual Pick ability for non-electronic order request

2.7. Ability to put a single or group of transactions on "HOLD" and to individually or multi-select their release from "HOLD"

2.8. Timer to auto-release items on HOLD by transaction priority.

2.9. User deleted transactions recorded in Transaction History

2.10. "Special Medication" Identification:

2.10.1. "Special Medications" are hospital and AHFS identified medications that require special handling. These include, but are not limited to:

- 2.10.1.1. Look-alike, sound-alike medications (SALA/ LASA)
- 2.10.1.2. High-Risk Medications
- 2.10.1.3. Chemotherapy agents
- 2.10.1.4. Hospital non-formulary medications

Schedule Pyxis Pharmogistics® Products

- 2.10.2. Unique bin labels for special medications.
 - 2.11. Mobile PC and printer technologies for managing off-carousel inventory that can also control carousels when needed.
 - 2.12. Labels (dispense type and special medication identification):
 - 2.12.1. Ability to differentiate dispense types through label variation:
 - 2.12.1.1. reverse printing
 - 2.12.1.2. different fonts
 - 2.12.1.3. label border printing
 - 2.13. Pharmogistics® includes and embedded WYSIWYG Label Designer
 - 2.14. Designated "Exceptions Orders"
 - 2.15. List barcode types available to be printed by Pharmogistics® label printers.
 - 2.15.1.1. Linear (1-D)
 - 2.15.1.2. 2-D Stacked
 - 2.15.1.3. 2-D Matrix
 - 2.15.1.4. RSS
 - 2.16. Ability to set drug characteristic flags in the medication file
 - 2.17. Downtime:
 - 2.17.1. Software downtime:
 - 2.17.1.1. Describe how to operate when there is a software downtime (whether scheduled or unexpected)
Utilize an alphabetic item location listing and the carousel onboard manual controls to position the carousel.
 - 2.17.2. Hardware downtime:
 - 2.17.2.1. Describe how to operate when there is a hardware downtime (whether scheduled or unexpected)
Please see below for various scenarios
 - 2.17.2.2. Carousels:
 - 2.17.2.2.1. Carousel workstation: Technician has several options. They can control the carousel using another PC that is configured in the Pharmogistics software as enabled to control a carousel or they can use the mobile PC to control the carousel.
 - 2.17.2.2.2. Carousel mechanically: the Technician will use the carousels onboard controls to position the carousel to the required shelf or will utilize the manufacturer recommended downtime instructions. The Pharmogistics® software can be operated in "Off-line Mode" which allows it to function completely normally with the exception it will not control or position the carousel shelves.
 - 2.17.2.3. Scanners:
 - 2.17.2.3.1. Hand-held units: - there are multiple units provided so it is highly unlikely all units will be down concurrently and there is a Scan Override option.
 - 2.17.2.3.2. Carousel-units: follow manufacturer prescribed instructions to operate carousel.
3. **Inventory Control:**
- 3.1. *This section describes the inventory control functions available in the Pharmogistics® Version 1.0 software including, but not limited to: Remote Location ordering, wholesaler purchasing, receiving, restocking, cycle counting, nursing unit returns, cost tracking, and medication expiry or recall handling.*
 - 3.2. Ordering:
 - 3.2.1. Remote location ordering:
 - 3.2.1.1. Remote location formularies maintained at drug ID level.
 - 3.2.1.2. Allow satellite-based ordering to order above/below min/max, but limit to certain satellites and users.
 - 3.2.1.3. Create a demand list in remote locations using handheld.
 - 3.2.1.4. Create a demand list in remote locations by using web-based ordering utility with the ability to print local formulary to "walk the shelves".
 - 3.2.1.5. Remote Location "Split Ordering" capability
 - 3.2.2. Wholesaler Purchasing:
 - 3.2.2.1. Allow adjustment of purchase order quantities prior to submission to wholesaler.
 - 3.2.2.2. Ability to review meds not ordering but under max/over min as well as over max meds want to view this info at purchase order creation time.
 - 3.2.2.3. Ability for unit dose quantity to suggest bulk order or propose to repack.
 - 3.2.2.4. Automated inventory order development predicated on QOH, QIR, QOO, OP, Re-order Point and replenishment to PAR
 - 3.2.2.5. Perpetual Inventory for medications including QOH, QIR, QOO, OP, PAR and Re-order Point
 - 3.2.2.6. Supports conversions between purchasing units and dispensing units
 - 3.2.2.7. Supports mapping of multiple NDC's to a single medication ID (in-house numbering system)
 - 3.2.2.8. Ability to define and manage an unlimited number of inventory locations
 - 3.2.2.9. Separate PO created for each Inventory Storage Area

Schedule Pyxis Pharmogistics® Products

3.2.2.10. Export Distributor Orders from Pharmogistics to wholesale distributor system

3.2.2.11. Ability to create distributor orders from a central or other location

3.3. Receiving:

3.3.1. Allow adjustment of restock quantity during restock function.

3.3.2. Allow stock clerks to receive simultaneously.

3.3.3. Automated process for importing wholesale distributor invoices into Pharmogistics once exported from the wholesale distributor system

3.3.4. "Auto-receive All/Post Process Exceptions" functionality (option) so distributor orders can be wheeled directly to the carousel(s) for restocking

3.3.5. "Auto-receive All/Preprocess Exceptions" functionality (option) to address order exceptions prior to wheeling distributor orders to the carousel(s) for restocking

3.3.6. "Manual Receive" (option) that enables bar code scanning of all receive items against the electronic distributor invoice, capturing LOT# and Expiration Date if embedded with the bar code or manually entered by the user when not. Receiving Label printed to facilitate presorting/staging of items by the ISA & Shelf to maximize restocking efficiency

3.3.7. Direct Distributor "PO-Flip"

3.4. Restocking:

3.4.1. Restock is a separate function from Return.

3.4.2. A bulk item and a unit of use item can be tied to the same internal medication ID.

3.4.2.1. This functionality should allow for bulk items and unit of use items to be stored in separate locations and facilitate the unit-dose re-packaging process.

3.4.2.2. Stock-to-Light & Location

3.5. Cycle Counting:

3.5.1. Electronically track cycle count activities and provide reporting capability.

3.5.2. Accept quantity "0" during cycle count.

3.5.3. Ability to schedule and force a cycle count during pick, restock, or return process.

3.6. Nursing Unit Returns:

3.6.1. Ability to scan returned items to simply know what carousel med needs to be returned to and to sort to bin, does not build hold queue so then can process all returns as instant returns.

3.6.2. Return is separate function from Restock.

3.6.3. Allow adjustment of return quantity during return function.

3.7. Cost Tracking:

3.7.1. Store and track following cost fields based on NDC:

3.7.1.1. Current replacement cost.

3.7.1.2. Average cost by "each".

3.7.1.3. Keep parent-child relationship between bulk and unit of use.

3.7.1.4. Automated electronic cost import for updates from contract costs or other electronic sources.–This will be captured from invoices.;

3.8. Medication Expiry and Recall Handling:

3.8.1. Tracking of lot numbers and expiration dates. (Captured during Manual Distributor Order Receiving or optionally during any inventory restock/return).

3.8.2. Creation of Alerts based on recalled lot number (admin will enter affected lot number and the software will search for that lot across the system. If we have received said lot number it will create a report of the possible locations – carousel, off-carousel shelving, satellites, and ADCs – based on distribution data since Lot # received.

3.9. Forced cycle counts checks to limit expired medications in the carousel.

3.10. Ability to identify hospital non-formulary medications:

3.10.1. By using flags in the product set-up.

3.10.2. Special labels during dispense.

3.10.3. Bin-label identification.

4. Reporting:

4.1. *This section will describe reporting capabilities and requested reports based on category. The requested reports is a running list and the expectation is that it will be expanded as needs are discovered. Customer and CareFusion will collaborate on report creation and definition on an ongoing basis.*

4.2. Specific Report requests by category:

4.2.1. Purchasing:

4.2.1.1. Current replacement cost.

4.2.1.2. Receiving History

Schedule Pyxis Pharmogistics® Products

- 4.2.1.3. Invoiced/Received/Restocked Reconciliation Report
 - 4.2.2. Inventory:
 - 4.2.2.1. Overstock Inventory Reports
 - 4.2.2.2. Physical Inventory Valuation Reporting
 - 4.2.3. Operational Reports:
 - 4.2.3.1. Proposed list of meds needing to be repacked based on unit-dose qty.
 - 4.2.3.2. Scan override report
 - 4.2.3.3. Transaction History detail and summary reporting
 - 4.2.3.4. Workload statistics:
 - 4.2.3.4.1. Fill transactions by type, time of day and day of week.
 - 4.2.3.4.2. Employee performance reports:
 - 4.2.3.4.2.1. Overrides by employee.
 - 4.2.3.4.2.2. Picks per timeframe by user, including pick type.
 - 4.2.3.4.3. Carousel idle time by time of day.
 - 4.2.4. Medication management:
 - 4.2.4.1. Time since last cycle count.
 - 4.2.4.2. Cycle count variance
 - 4.2.4.3. Non-formulary
 - 4.2.4.4. Ability to print Remote Location Invoices and Delivery Address Labels
5. **Hardware:**
- 5.1. *This section describes desired hardware functionality as it specifically relates to operations. This section WILL NOT describe the full hardware functionality.*
 - 5.2. Our current display includes the SLOT# in front of the bin, Qty and Location.
 - 5.3. Scanner capability for scanning of med vs label to validate correct med on dispense.
6. **User and Role Based Security:**
- 6.1. *This section will describe the security set-up, roles, privileges and maintenance available in Pharmogistics® Version 1.0*
 - 6.2. Allow granular user-role-privilege set up.
 - 6.3. All functions at the most granular level should be available for use to create a dynamic security environment.

End of items to be included in PHARMOGISTICS® Version 1.0

- I. **PharmoPack® High Speed Medication Packaging and Labeling Software and System** – high speed oral solid medication packaging and barcode labeling system.

Pyxis PharmoPack® Acceptance Criteria

- 1 **Installation**
 - a. Packager unit is assembled and in place
 - b. All peripheral equipment is in place and secure
 - c. All equipment is set up and connected
- 2 **Performance**
 - a. Software is loaded onto system
 - b. Communication with all components is verified
- 3 **Packaging Performance**
 - a. Produce filled packages with all canisters with no errors
 - b. Produce filled packages with Manual Device Unit (MDU) tray with no errors
 - c. Produce filled packages with Free Shape Packaging (FSP) system with no errors
 - d. Packet edge alignment must be +/- 2mm for all tests
 - e. Packaging rate must meet or exceed 50 packages per minute
- 4 **Canister Performance**
 - a. Drop three packets from each installed canister with no errors
 - b. Confirm operation of Flexible Numeric Display (FSN) and Smart Chip System

Schedule Pyxis Pharmogistics® Products

- c. All canisters labeled with medication information
 - d. If barcode is present on canister – scan 10 times with no error
 - e. Each canister will have a desiccant installed
- 5 Printing Performance**
- a. Print must be clear and legible
 - b. Barcodes on packages must be able to be scanned by Pharmogistics equipment
- 6 Operational Performance**
- a. Packager accepts and processes electronic fill requests
 - b. All order types are processed and meds are dispensed correctly
 - c. MDU tray filling reports print correctly
 - d. FSP labels and reports print correctly
 - e. All machine movements occur smoothly
 - f. All indicator lights and alarms operate correctly
 - g. Canister refill notification works correctly
 - h. Inventory counts decrement when dispensed correctly
- 7 Installation**
- a. All covers are in place and secure
 - b. All cabling is in place and secure

End of items to be tested on the Pyxis PharmoPack® System

- II. PharmoCode™ Barcode Labeling Software and System** – system that applies barcode labels to medications.

PharmoCode™ Acceptance Criteria

- 1 Installation**
- a. Barcode Labeling unit is assembled and in place
 - b. All peripheral equipment is in place and secure
 - c. All equipment is set up and connected
- 2 Performance**
- a. Software is loaded onto system
 - b. Communication with all components is verified
- 3 Barcode Labeling Performance**
- a. Produce Circle Labels with no errors
 - b. Produce Tab/Flag Labels with no errors
 - c. Produce assorted Rectangular Labels with no errors
- 4 Printing Performance**
- a. Print must be clear and legible
 - b. Barcodes on packages must be able to be scanned by Pharmogistics equipment
- 5 Installation**
- a. All covers are in place and secure
 - b. All cabling is in place and secure

End of items to be tested on the PharmoCode™



Customer Order

Customer Order Date: 09/07/2017
Customer Order : 1000113119

Customer Information

Sold To:		Ship To:	Bill To		
Legal Name:	KERN MEDICAL CENTER	KERN MEDICAL CENTER	Same as (Circle)	Sold To:	Ship To:
DBA:	KERN MEDICAL CENTER	1700 MOUNT VERNON AVE			
Street Address:	1700 MOUNT VERNON AVE	1700 MOUNT VERNON AVE			
City,St.,Zip:	BAKERSFIELD, CA 93306-4018	BAKERSFIELD, CA 93306-4018			
Customer No.	10043609	10043609			

1. Customer Orders. Effective as of the date of both signatures below ("**Effective Date**"), this agreement is entered by and between CareFusion and Customer as separate and distinct agreements combined for administrative convenience for: (i) Rental Equipment and/or Software listed in the Product Schedule attached hereto and incorporated by this reference (each, a "**Pyxis Product**" and, collectively, the "**Pyxis Products**"); and (ii) Services applicable to the Pyxis Products (collectively, the "**Customer Orders**"). The Customer Orders will be governed by the Master Agreement and applicable Schedule(s) in effect between the Parties ("**Master Agreement**"). Any reference to a "Rental Term(s)" or "Rental Fee(s)" in relation to Software included as a Pyxis Product hereunder will alternately refer to "**Subscription Term(s)**" or "**Subscription Fee(s)**", respectively.

2. Footprint Modification Option. The Parties understand and agree that the Pyxis Products hereunder will be subject to the following option (hereafter, "**FMO Option**").
(a) **Definitions.** As used herein, (i) "**FMO Products**" will mean a subset of the Pyxis Products valued at up to twenty percent (20%) of the Modification Amount for each Contract Year; (ii) "**Modification Amount**" will mean the total annual Monthly Rental and/or Monthly Subscription Fees for the Pyxis Products set forth on the Product Schedule; and (iii) "**Contract Year**" will mean the twelve (12) month period beginning on the Effective Date (or the anniversary of the Effective Date) of the Master Agreement ("**Master Agreement Anniversary Date**") and ending twelve (12) months thereafter and each subsequent twelve-(12) month period of the Rental and/or Subscription Terms hereunder.
(b) **Terms and Conditions.** Customer will have the option to return all or part of the FMO Products each Contract Year; provided that Customer: (i) provides CareFusion with written notice at least ninety (90) days prior to the end of the Contract Year; (ii) signs the amendment to the Customer Orders memorializing Customer's exercise of the FMO Option ("**FMO Amendment**"); and (iii) timely complies with the terms of the FMO Amendment, including, without limitation, completion of the FMO Product return activities and payment of return shipping and any other applicable fees. Notwithstanding any term or condition to the contrary, in no event will an FMO Option: (a) apply to any Sold-To or Ship-To entity other than the entity (ies) designated above; (b) apply to any Third Party Product or Software listed on the Product Schedule; or (c) carry over to a subsequent Contract Year. The Rental, Support and/or Subscription Terms and Customer's obligation to pay Monthly Rental, Support and/or Subscription Fees for the FMO Products will terminate effective as of the date set forth in the FMO Amendment. The FMO Amendment will have no effect on any other Pyxis Products and Customer's payment obligations for such Pyxis Products will continue uninterrupted in accordance with the terms of the Customer Orders.

Will a Purchase Order be required for payment of the financial obligation proposed under this Customer Order?(Please Circle)

Yes	No	Rental PO#:
		Support PO#:

Copies of this Customer Order will be sent to Ship To signer listed above.
When complete, additional copies will be sent to the following address:

Name: _____
Street Address: _____
City,St.,Zip: _____

Each person signing this document represents that he/she intends to and has the authority to bind his/her respective Party to the Rental Customer Order and the separate Support Customer Order.

KERN MEDICAL CENTER

Sign: _____
Print: _____
Title: _____ Date: _____

CAREFUSION SOLUTIONS, LLC

ATTN: CONTRACTS, 3750 TORREY VIEW CT, SAN DIEGO, CA 92130 888.876.4287

Sign: _____
Print: _____
Title: _____ Date: _____

This Customer Order is not valid until executed by both Customer and CareFusion Solutions, LLC.

SALES ASSOCIATE:Richard Blankenship
Email: rick.blankenship@bd.com



Sold To: KERN MEDICAL CENTER #10043609
 Ship To: KERN MEDICAL CENTER #10043609

GPO: HEALTHTRUST PURCHASING GROUP

Customer Order
 Pyxis Product Schedule
 Customer Order : 1000113119

Product Discounts:
 GPO: 44 %
 Support Discounts:
 GPO: 20 %
 Support Level: SVC / Advanced 8h
 Rental and Support Term: 60 months

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 12/06/2017

Current Products				New Products												
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/ Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
		Current	Support								List	Net	Extended	List	Net	Extended
12859764	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	MED	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12860429	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	SICU	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12860430	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	TRAU1	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12860431	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	4CA	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12860434	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	TRAUM	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12864518	SRM CAL FL DR 25 FT CBL	\$ 61.00	\$ 20.00	PEDCL	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12864519	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	OBGYN	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870952	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	1A	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870953	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	3D	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870954	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	ED - BOTTOM FRIG	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870955	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	4B	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870956	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	TRAU1	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870957	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	NICU	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870958	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	ED - Top Frig	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870959	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	FSTRK	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12870960	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	3C	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
12891065	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	OR	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
13119466	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	2AOPC	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00

Customer Initials: _____



Customer Order
 Pyxis Product Schedule
 Customer Order : 1000113119

Sold To: KERN MEDICAL CENTER #10043609
 Ship To: KERN MEDICAL CENTER #10043609

Support Level: SVC / Advanced 8h
 Rental and Support Term: 60 months

GPO: HEALTHTRUST PURCHASING GROUP

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 12/06/2017

Current Products				New Products												
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/ Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
		Current	Support								List	Net	Extended	List	Net	Extended
13129326	OBS RM MANAGER SRM FLAT DOOR 25FT CABLE	\$ 61.00	\$ 20.00	OR	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
13427626	Connect Base System v2.9	\$ 384.00	\$ 120.00	2C			RETURN TO CAREFUSION		CNL							
13570814	SRM CAL FL DR 25 FT CBL	\$ 61.00	\$ 20.00	3B			RETURN TO CAREFUSION		CNL							
13570816	SRM CAL FL DR 25 FT CBL	\$ 76.00	\$ 20.00	4C	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
13804833	CONSOLE DTSVM SERVER DEMO/TEST	\$ 0.01	\$ 0.00	PHARMACY			RETURN TO CAREFUSION		CNL							
13818018	MEDSTATION,4000, WORKSTATION	\$ 166.00	\$ 39.00	PHARMACY			RETURN TO CAREFUSION		CNL							
13818341	MEDSTATION4000 AUX TOWERSGL	\$ 138.00	\$ 41.00	3C-2	343		MEDSTATION,ES,AUX, TOWER,SC		UPN	1	\$ 208.00	\$ 116.00	\$ 116.00	\$ 42.00	\$ 34.00	\$ 34.00
13818353	MEDSTATION,4000, CONSOLE	\$ 371.00	\$ 255.00	PHARMAC Y - WS1			RETURN TO CAREFUSION		CNL							
13818635	SRM CAL FL DR 25 FT CBL	\$ 61.00	\$ 20.00	4DOB	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
13818788	MEDSTATION4000 AUX TOWERSGL	\$ 138.00	\$ 41.00	3D-2	343		MEDSTATION,ES,AUX, TOWER,SC		UPN	1	\$ 208.00	\$ 116.00	\$ 116.00	\$ 42.00	\$ 34.00	\$ 34.00
13819004	CIISAFE,V7.X DESKTOP PC, BIO	\$ 667.00	\$ 115.00	PHARMAC Y-CIISAFE			RETURN TO CAREFUSION		CNL							
13819729	CIISAFE, TALL DBL AUX, SOLID DOORS	\$ 203.00	\$ 41.00	PHARMAC Y-CIISAFE	111-160-201		CIISAFE, TALL DBL AUX, SOLID DOORS		UPN	1	\$ 307.00	\$ 172.00	\$ 172.00	\$ 42.00	\$ 34.00	\$ 34.00
13819731	MEDSTATION4000 AUX TOWERSGL	\$ 138.00	\$ 41.00	SICU	343		MEDSTATION,ES,AUX, TOWER,SC		UPN	1	\$ 208.00	\$ 116.00	\$ 116.00	\$ 42.00	\$ 34.00	\$ 34.00
13819732	MEDSTATION4000 AUX TOWERSGL	\$ 138.00	\$ 41.00	4B	343		MEDSTATION,ES,AUX, TOWER,SC		UPN	1	\$ 208.00	\$ 116.00	\$ 116.00	\$ 42.00	\$ 34.00	\$ 34.00
13819733	MEDSTATION4000 AUX TOWERSGL	\$ 138.00	\$ 41.00	TRAUM	343		MEDSTATION,ES,AUX, TOWER,SC		UPN	1	\$ 208.00	\$ 116.00	\$ 116.00	\$ 42.00	\$ 34.00	\$ 34.00
13819734	MEDSTATION4000 AUX TOWERSGL	\$ 138.00	\$ 41.00	3D	343		MEDSTATION,ES,AUX, TOWER,SC		UPN	1	\$ 208.00	\$ 116.00	\$ 116.00	\$ 42.00	\$ 34.00	\$ 34.00
13819735	MEDSTATION4000 AUX TOWERSGL	\$ 138.00	\$ 41.00	3C	343		MEDSTATION,ES,AUX, TOWER,SC		UPN	1	\$ 208.00	\$ 116.00	\$ 116.00	\$ 42.00	\$ 34.00	\$ 34.00
13819736	MEDSTATION4000 AUX TOWERSGL	\$ 138.00	\$ 41.00	2C	343		MEDSTATION,ES,AUX, TOWER,SC		UPN	1	\$ 208.00	\$ 116.00	\$ 116.00	\$ 42.00	\$ 34.00	\$ 34.00
13822026	MEDSTATION,4000,MAIN,2-DRAWER	\$ 250.00	\$ 114.00	1A	323		MEDSTATION,ES,MAIN,2-DRAWER	1	UPK	1	\$ 383.00	\$ 214.00	\$ 214.00	\$ 119.00	\$ 95.00	\$ 95.00

Customer Initials: _____



Customer Order
Pyxis Product Schedule
Customer Order : 1000113119

Sold To: KERN MEDICAL CENTER #10043609
 Ship To: KERN MEDICAL CENTER #10043609

Support Level: SVC / Advanced 8h
 Rental and Support Term: 60 months

GPO: HEALTHTRUST PURCHASING GROUP

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 12/06/2017

Current Products				New Products												
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/ Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
		Current	Support								List	Net	Extended	List	Net	Extended
13822027	MEDSTATION,4000,MAIN,6-DRAWER	\$ 393.00	\$ 114.00	2AOPC	323		MEDSTATION,ES,MAIN,5-DRW,BIN	2	UPK	1	\$ 761.00	\$ 426.00	\$ 426.00	\$ 119.00	\$ 95.00	\$ 95.00
13822028	MEDSTATION,4000,MAIN,6-DRAWER	\$ 441.00	\$ 114.00	CL	323		MEDSTATION,ES,MAIN,6DR	2	UPK	1	\$ 780.00	\$ 437.00	\$ 437.00	\$ 119.00	\$ 95.00	\$ 95.00
13822029	MEDSTATION,4000,MAIN,6-DRAWER	\$ 393.00	\$ 114.00	CT	323		MEDSTATION,ES,MAIN,5-DRW,BIN	2	UPK	1	\$ 777.00	\$ 435.00	\$ 435.00	\$ 119.00	\$ 95.00	\$ 95.00
13822030	MEDSTATION,4000,MAIN,6-DRAWER	\$ 440.00	\$ 114.00	ED	323		MEDSTATION,ES,MAIN,5-DRW,BIN	3	UPU	1	\$ 813.00	\$ 455.00	\$ 455.00	\$ 119.00	\$ 95.00	\$ 95.00
13822031	MEDSTATION,4000,MAIN,2-DRAWER	\$ 207.00	\$ 114.00	EDU	323		MEDSTATION,ES,MAIN,2-DRAWER		UPK	1	\$ 347.00	\$ 194.00	\$ 194.00	\$ 119.00	\$ 95.00	\$ 95.00
13822032	MEDSTATION,4000,MAIN,6-DRAWER	\$ 393.00	\$ 114.00	ENDOS	323		MEDSTATION,ES,MAIN,5-DRW,BIN	3	UPU	1	\$ 813.00	\$ 455.00	\$ 455.00	\$ 119.00	\$ 95.00	\$ 95.00
13822033	MEDSTATION,4000,MAIN,6-DRAWER	\$ 487.00	\$ 114.00	FSTRK	323		MEDSTATION,ES,MAIN,6DR	3	UPK	1	\$ 832.00	\$ 466.00	\$ 466.00	\$ 119.00	\$ 95.00	\$ 95.00
13822034	MEDSTATION,4000,MAIN,2DR	\$ 472.00	\$ 106.00	MED	323		MEDSTATION,ES,MAIN,2-DRAWER	1	UPK	1	\$ 399.00	\$ 223.00	\$ 223.00	\$ 119.00	\$ 95.00	\$ 95.00
13822035	MEDSTATION,4000,MAIN,2-DRAWER	\$ 207.00	\$ 114.00	OBGYN	323		MEDSTATION,ES,MAIN,2-DRAWER		UPK	1	\$ 347.00	\$ 194.00	\$ 194.00	\$ 119.00	\$ 95.00	\$ 95.00
13822036	MEDSTATION,4000,MAIN,6-DRAWER	\$ 393.00	\$ 114.00	OR	323		MEDSTATION,ES,MAIN,5-DRW,BIN	3	UPK	1	\$ 813.00	\$ 455.00	\$ 455.00	\$ 119.00	\$ 95.00	\$ 95.00
13822037	MEDSTATION,4000,MAIN,6-DRAWER	\$ 393.00	\$ 114.00	PACU	323	Rx	MEDSTATION,ES,MAIN,6DR	2	UPK	1	\$ 1,012.00	\$ 567.00	\$ 567.00	\$ 121.00	\$ 97.00	\$ 97.00
13822038	MEDSTATION,4000,MAIN,6-DRAWER	\$ 487.00	\$ 114.00	PREOP	323		MEDSTATION,ES,MAIN,6DR	3	UPK	1	\$ 832.00	\$ 466.00	\$ 466.00	\$ 119.00	\$ 95.00	\$ 95.00
13822039	MEDSTATION,4000,MAIN,2-DRAWER	\$ 207.00	\$ 114.00	SURCL	323		MEDSTATION,ES,MAIN,2-DRAWER		UPK	1	\$ 347.00	\$ 194.00	\$ 194.00	\$ 119.00	\$ 95.00	\$ 95.00
13822040	MEDSTATION,4000,MAIN,6-DRAWER	\$ 440.00	\$ 114.00	TRAU1	323		MEDSTATION,ES,MAIN,5-DRW,BIN	2	UPK	1	\$ 761.00	\$ 426.00	\$ 426.00	\$ 119.00	\$ 95.00	\$ 95.00
13822041	MEDSTATION,4000,MAIN,6-DRAWER	\$ 393.00	\$ 114.00	TRAUM	323		MEDSTATION,ES,MAIN,5-DRW,BIN	3	UPK	1	\$ 813.00	\$ 455.00	\$ 455.00	\$ 119.00	\$ 95.00	\$ 95.00
13822042	MEDSTATION,4000,MAIN,6-DRAWER	\$ 393.00	\$ 114.00	X-RAY	323		MEDSTATION,ES,MAIN,5-DRW,BIN	2	UPK	1	\$ 777.00	\$ 435.00	\$ 435.00	\$ 119.00	\$ 95.00	\$ 95.00
13822046	MEDSTATION,4000,MAIN,6-DRAWER	\$ 648.00	\$ 117.00	3B	323	Rx	MEDSTATION,ES,MAIN,6DR	3	UPU	1	\$ 1,048.00	\$ 587.00	\$ 587.00	\$ 121.00	\$ 97.00	\$ 97.00
13822047	MEDSTATION,4000,MAIN,6-DRAWER	\$ 561.00	\$ 117.00	4C	323	Rx	MEDSTATION,ES,MAIN,5-DRW,BIN	3	UPK	1	\$ 1,045.00	\$ 585.00	\$ 585.00	\$ 121.00	\$ 97.00	\$ 97.00
13822048	MEDSTATION,4000,MAIN,6-DRAWER	\$ 687.00	\$ 117.00	SICU	323	Rx	MEDSTATION,ES,MAIN,6DR	5	UPK	1	\$ 1,168.00	\$ 654.00	\$ 654.00	\$ 121.00	\$ 97.00	\$ 97.00

Customer Initials: _____



Customer Order
 Pyxis Product Schedule
 Customer Order : 1000113119

Sold To: KERN MEDICAL CENTER #10043609
 Ship To: KERN MEDICAL CENTER #10043609

Support Level: SVC / Advanced 8h

Rental and Support Term: 60 months

GPO: HEALTHTRUST PURCHASING GROUP

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 12/06/2017

Current Products				New Products												
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/ Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
		Current	Support								List	Net	Extended	List	Net	Extended
13822049	MEDSTATION,4000,MAIN,6-DRAWER	\$ 687.00	\$ 117.00	3D	323	Rx	MEDSTATION,ES,MAIN,6DR	5	UPU	1	\$ 1,168.00	\$ 654.00	\$ 654.00	\$ 121.00	\$ 97.00	\$ 97.00
13822050	MEDSTATION,4000,MAIN,6-DRAWER	\$ 648.00	\$ 117.00	4D	323	Rx	MEDSTATION,ES,MAIN,6DR	3	UPK	1	\$ 1,064.00	\$ 596.00	\$ 596.00	\$ 121.00	\$ 97.00	\$ 97.00
13822051	MEDSTATION,4000,MAIN,6-DRAWER	\$ 648.00	\$ 117.00	4CA	323		MEDSTATION,ES,MAIN,6DR	2	UPK	1	\$ 796.00	\$ 446.00	\$ 446.00	\$ 119.00	\$ 95.00	\$ 95.00
13822052	MEDSTATION,4000,MAIN,6-DRAWER	\$ 648.00	\$ 117.00	4B	323	Rx	MEDSTATION,ES,MAIN,6DR	4	UPU	1	\$ 1,116.00	\$ 625.00	\$ 625.00	\$ 121.00	\$ 97.00	\$ 97.00
13822053	MEDSTATION,4000,MAIN,6-DRAWER	\$ 687.00	\$ 117.00	3C	323	Rx	MEDSTATION,ES,MAIN,6DR	5	UPU	1	\$ 1,168.00	\$ 654.00	\$ 654.00	\$ 121.00	\$ 97.00	\$ 97.00
13822056	MEDSTATION,4000,MAIN,6-DRAWER	\$ 514.00	\$ 117.00	NICU	323	Rx	MEDSTATION,ES,MAIN,5-DRW,BIN	1	UPK	1	\$ 957.00	\$ 536.00	\$ 536.00	\$ 121.00	\$ 97.00	\$ 97.00
13822058	MEDSTATION,4000,MAIN,6-DRAWER	\$ 514.00	\$ 117.00	DOU	323	Rx	MEDSTATION,ES,MAIN,5-DRW,BIN	3	UPU	1	\$ 1,045.00	\$ 585.00	\$ 585.00	\$ 121.00	\$ 97.00	\$ 97.00
13822059	MEDSTATION,4000,MAIN,6-DRAWER	\$ 648.00	\$ 117.00	4DOB	323	Rx	MEDSTATION,ES,MAIN,6DR	3	UPK	1	\$ 1,080.00	\$ 605.00	\$ 605.00	\$ 121.00	\$ 97.00	\$ 97.00
13822061	MEDSTATION,4000,MAIN,2-DRAWER	\$ 370.00	\$ 117.00	TEST	323	Rx	MEDSTATION,ES,MAIN,2-DRAWER	1	UPK	1	\$ 631.00	\$ 353.00	\$ 353.00	\$ 121.00	\$ 97.00	\$ 97.00
13822063	MEDSTATION,4000,MAIN,6-DRAWER	\$ 687.00	\$ 117.00	2C	323	Rx	MEDSTATION,ES,MAIN,6DR	5	UPK	1	\$ 1,184.00	\$ 663.00	\$ 663.00	\$ 121.00	\$ 97.00	\$ 97.00
13822064	MEDSTATION,4000,AUX,7-DRAWER	\$ 373.00	\$ 54.00	OR	324		MEDSTATION,ES,AUX,7-DRAWER	3	UPN	1	\$ 722.00	\$ 404.00	\$ 404.00	\$ 53.00	\$ 42.00	\$ 42.00
13822065	MEDSTATION,4000,AUX,7-DRAWER	\$ 420.00	\$ 54.00	ED	324		MEDSTATION,ES,AUX,7-DRAWER	4	UPU	1	\$ 790.00	\$ 442.00	\$ 442.00	\$ 53.00	\$ 42.00	\$ 42.00
13822800	MEDSTATION,4000,AUX,7-DRAWER	\$ 334.00	\$ 54.00	ED	324		MEDSTATION,ES,AUX,7-DRAWER	5	UPU	1	\$ 842.00	\$ 472.00	\$ 472.00	\$ 53.00	\$ 42.00	\$ 42.00
13822801	MEDSTATION,4000,AUX,7-DRAWER	\$ 373.00	\$ 54.00	DOU	324		MEDSTATION,ES,AUX,7-DRAWER	2	UPN	1	\$ 670.00	\$ 375.00	\$ 375.00	\$ 53.00	\$ 42.00	\$ 42.00
13822802	MEDSTATION,4000,AUX,7-DRAWER	\$ 460.00	\$ 54.00	3C-2	324		MEDSTATION,ES,AUX,7-DRAWER	4	UPN	1	\$ 774.00	\$ 433.00	\$ 433.00	\$ 53.00	\$ 42.00	\$ 42.00
13822803	MEDSTATION,4000,AUX,7-DRAWER	\$ 460.00	\$ 54.00	3D	324		MEDSTATION,ES,AUX,7-DRAWER	4	UPU	1	\$ 774.00	\$ 433.00	\$ 433.00	\$ 53.00	\$ 42.00	\$ 42.00
13822804	MEDSTATION,4000,AUX,7-DRAWER	\$ 373.00	\$ 54.00	SICU	324		MEDSTATION,ES,AUX,7-DRAWER	4	UPU	1	\$ 790.00	\$ 442.00	\$ 442.00	\$ 53.00	\$ 42.00	\$ 42.00
13822805	MEDSTATION,4000,AUX,7-DRAWER	\$ 460.00	\$ 54.00	3C	324		MEDSTATION,ES,AUX,7-DRAWER	4	UPU	1	\$ 774.00	\$ 433.00	\$ 433.00	\$ 53.00	\$ 42.00	\$ 42.00
13822806	MEDSTATION,4000,MAIN,6-DRAWER	\$ 687.00	\$ 117.00	3C-2	323	Rx	MEDSTATION,ES,MAIN,6DR	5	UPK	1	\$ 1,168.00	\$ 654.00	\$ 654.00	\$ 121.00	\$ 97.00	\$ 97.00

Customer Initials: _____



Sold To: KERN MEDICAL CENTER #10043609
 Ship To: KERN MEDICAL CENTER #10043609

GPO: HEALTHTRUST PURCHASING GROUP

Customer Order
 Pyxis Product Schedule
 Customer Order : 1000113119

Support Level: SVC / Advanced 8h

Rental and Support Term: 60 months

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 12/06/2017

Current Products				New Products												
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
		Current	Support								List	Net	Extended	List	Net	Extended
13822807	MEDSTATION,4000,MAIN,6-DRAWER	\$ 687.00	\$ 117.00	3D-2	323	Rx	MEDSTATION,ES,MAIN,6DR	5	UPU	1	\$ 1,168.00	\$ 654.00	\$ 654.00	\$ 121.00	\$ 97.00	\$ 97.00
13824071	MEDSTATION,4000,MAIN,6-DRAWER	\$ 648.00	\$ 117.00	4C2	323	Rx	MEDSTATION,ES,MAIN,6DR	3	UPK	1	\$ 1,064.00	\$ 596.00	\$ 596.00	\$ 121.00	\$ 97.00	\$ 97.00
13838742	MED, SRM, SLIMLINE, 25, LEFT, ROHS	\$ 61.00	\$ 19.00	PACU	345		MED,SRM,SLIMLINE,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
13838745	MED, SRM, SLIMLINE, 25, LEFT, ROHS	\$ 61.00	\$ 20.00	MED	345		MED,SRM,SLIMLINE,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
13839672	PYXIS ANESTHESIA SYSTEM 4000	\$ 391.00	\$ 109.00	AS3	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 692.00	\$ 388.00	\$ 388.00	\$ 113.00	\$ 90.00	\$ 90.00
13840574	SPECIALTYSTATION,4X, MAIN,6-DRAWER	\$ 344.00	\$ 115.00	OUT PATIENT RX		Rx	RETURN TO CAREFUSION		CNL							
13856865	PYXIS ANESTHESIA SYSTEM 4000	\$ 391.00	\$ 115.00	AS5	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 692.00	\$ 388.00	\$ 388.00	\$ 113.00	\$ 90.00	\$ 90.00
13856866	PYXIS ANESTHESIA SYSTEM 4000	\$ 391.00	\$ 115.00	AS2	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 692.00	\$ 388.00	\$ 388.00	\$ 113.00	\$ 90.00	\$ 90.00
13856867	PYXIS ANESTHESIA SYSTEM 4000	\$ 391.00	\$ 115.00	AS7	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 692.00	\$ 388.00	\$ 388.00	\$ 113.00	\$ 90.00	\$ 90.00
13856869	PYXIS ANESTHESIA SYSTEM 4000	\$ 391.00	\$ 115.00	AS4	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 692.00	\$ 388.00	\$ 388.00	\$ 113.00	\$ 90.00	\$ 90.00
13856870	PYXIS ANESTHESIA SYSTEM 4000	\$ 391.00	\$ 115.00	AS6	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 692.00	\$ 388.00	\$ 388.00	\$ 113.00	\$ 90.00	\$ 90.00
13856871	PYXIS ANESTHESIA SYSTEM 4000	\$ 391.00	\$ 115.00	AS1	327		PYXIS ANESTHESIA SYSTEM ES	1	UPU	1	\$ 692.00	\$ 388.00	\$ 388.00	\$ 113.00	\$ 90.00	\$ 90.00
13892263	MEDSTATION,4000,MAIN,2-DRAWER	\$ 296.00	\$ 105.00	ECHO	323		MEDSTATION,ES,MAIN,2-DRAWER	1	UPK	1	\$ 383.00	\$ 214.00	\$ 214.00	\$ 119.00	\$ 95.00	\$ 95.00
13892264	MEDSTATION,4000,AUX,7-DRAWER	\$ 512.00	\$ 48.00	3B	324		MEDSTATION,ES,AUX,7-DRAWER	2	UPN	1	\$ 670.00	\$ 375.00	\$ 375.00	\$ 53.00	\$ 42.00	\$ 42.00
14508195	PYXIS ANESTHESIA SYSTEM 4000	\$ 512.00	\$ 96.00	OB4B1	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 676.00	\$ 379.00	\$ 379.00	\$ 113.00	\$ 90.00	\$ 90.00
14508198	PYXIS ANESTHESIA SYSTEM 4000	\$ 512.00	\$ 96.00	OB4B2	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 676.00	\$ 379.00	\$ 379.00	\$ 113.00	\$ 90.00	\$ 90.00
14721166	PYXIS ANESTHESIA SYSTEM 4000	\$ 512.00	\$ 96.00	AS8	327		PYXIS ANESTHESIA SYSTEM ES	1	UPK	1	\$ 676.00	\$ 379.00	\$ 379.00	\$ 113.00	\$ 90.00	\$ 90.00
187756	INTERFACE NON-SHIPPABLE	\$ 1,500.00	\$ 0.00	PHARMACY			RETURN TO CAREFUSION		CNL							

Customer Initials: _____



Customer Order
 Pyxis Product Schedule
 Customer Order : 1000113119

Sold To: KERN MEDICAL CENTER #10043609
 Ship To: KERN MEDICAL CENTER #10043609

Support Level: SVC / Advanced 8h
 Rental and Support Term: 60 months

GPO: HEALTHTRUST PURCHASING GROUP

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 12/06/2017

Current Products				New Products													
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/ Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee			
		Current	Support								List	Net	Extended	List	Net	Extended	
187758	INTERFACE NON-SHIPPABLE	\$ 1,500.00	\$ 0.00	PHARMACY			RETURN TO CAREFUSION		CNL								
216981	INTERFACE NON-SHIPPABLE	\$ 0.01	\$ 0.01	KERN MEDICAL CENTE			RETURN TO CAREFUSION		CNL								
239759	INTERFACE NON-SHIPPABLE	\$ 0.01	\$ 0.00	PHARMACY			RETURN TO CAREFUSION		CNL								
239761	INTERFACE NON-SHIPPABLE	\$ 0.01	\$ 0.00	PHARMACY			RETURN TO CAREFUSION		CNL								
239763	INTERFACE NON-SHIPPABLE	\$ 0.01	\$ 0.00	PHARMACY			RETURN TO CAREFUSION		CNL								
40173585	KIT R IT VM SM V2.0.1	\$ 0.01	\$ 0.00	IT DEPARTMENT			RETURN TO CAREFUSION		CNL								
40353269	PARx 4.2 Large 5-PDT 5-Printers	\$ 1,122.00	\$ 139.00	PHARMACY -PARX SYS			RETURN TO CAREFUSION		CNL								
40353270	MAPortal3, Tier 3 > 150 beds	\$ 547.00	\$ 0.00	PHARMACY			RETURN TO CAREFUSION		CNL								
40391704	Connect ViewStation SW v2.9	\$ 123.00	\$ 21.00	PHARMACY			RETURN TO CAREFUSION		CNL								
8000098226	REMOTE MANAGER, FLAT, 25FT, PYXIBUS	\$ 49.00	\$ 20.00	PHARMACY	345		MED,RM,FLATOFFSET,25FT, LT		UPN	1	\$ 73.00	\$ 41.00	\$ 41.00	\$ 21.00	\$ 17.00	\$ 17.00	
		\$ 0.00	\$ 0.00		136449-01		ES VM Large Server w/SQL <250 Mains		SWE	1	\$ 842.00	\$ 472.00	\$ 472.00	\$ 247.00	\$ 198.00	\$ 198.00	
		\$ 0.00	\$ 0.00		136452-01		ES VM TEST SERVER		SWE	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
		\$ 0.00	\$ 0.00	CCE	136517-01		DELL 630 XL RACK ESXI V 5.5 HE		EXP	1	\$ 235.00	\$ 235.00	\$ 235.00	\$ 59.00	\$ 59.00	\$ 59.00	
		\$ 0.00	\$ 0.00		129766-01		INTF, MED,STD,NEW,ADT		SWE	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
		\$ 0.00	\$ 0.00		129773-01		INTF, MED, STD, NEW USAGE		SWE	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
		\$ 0.00	\$ 0.00		129812-01		INTF, MED,STD,NEW,PATIENT PROFILE		SWE	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
		\$ 0.00	\$ 0.00		134562-01		CCE Enterprise SW Site license (2 - 5)		SWE	1	\$ 564.00	\$ 564.00	\$ 564.00	\$ 1,164.00	\$ 1,164.00	\$ 1,164.00	
		\$ 0.00	\$ 0.00		134806-01		Enterprise User/Form Mgmt Lic 41-60Mains		SWE	1	\$ 1,570.00	\$ 879.00	\$ 879.00	\$ 460.00	\$ 368.00	\$ 368.00	
		\$ 0.00	\$ 0.00		136607-01		Hosted Data services OPT IN		SWE	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
		\$ 0.00	\$ 0.00	Pharmacy	111-194		CIISAFE,V7.X,DBL INTG MAIN, BIO,SOLID DO		EXP	1	\$ 1,365.00	\$ 764.00	\$ 764.00	\$ 118.00	\$ 94.00	\$ 94.00	

Customer Initials: _____



Sold To: KERN MEDICAL CENTER #10043609
 Ship To: KERN MEDICAL CENTER #10043609

GPO: HEALTHTRUST PURCHASING GROUP

Customer Order
 Pyxis Product Schedule
 Customer Order : 1000113119

Support Level: SVC / Advanced 8h

Rental and Support Term: 60 months

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 12/06/2017

Current Products				New Products												
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
		Current	Support								List	Net	Extended	List	Net	Extended
		\$ 0.00	\$ 0.00	Outpatient Rx (Repla	111-198		CIISAFE,V7.X,SGL INTG MAIN, BIO,SOLID DO		EXP	1	\$ 1,159.00	\$ 649.00	\$ 649.00	\$ 118.00	\$ 94.00	\$ 94.00
		\$ 0.00	\$ 0.00		801		PYXIS ES LINK LICENSES		SWE	1	\$ 660.00	\$ 660.00	\$ 660.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 34,251.06	\$ 7,146.01										\$ 30,357.00			\$ 7,231.00

Customer Initials: _____



Sold To: KERN MEDICAL CENTER #10043609
 Ship To: SAGEBRUSH PHARMACY #10052356

GPO: HEALTHTRUST PURCHASING GROUP

Customer Order
 Pyxis Product Schedule
 Customer Order : 1000113119

Support Level: SVC / Advanced 8h

Rental and Support Term: 60 months

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 12/06/2017

Current Products				New Products												
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
		Current	Support								List	Net	Extended	List	Net	Extended
12849791	OBS RM MANAGER SRM-RT FLAT DOOR 25FT CBL	\$ 61.00	\$ 20.00	FP	345		MED,SRM,FLATOFFSET,25FT,LT		UPN	1	\$ 91.00	\$ 51.00	\$ 51.00	\$ 21.00	\$ 17.00	\$ 17.00
13822044	MEDSTATION,4000,MAIN,6-DRAWER	\$ 401.00	\$ 109.00	FP	323		MEDSTATION,ES,MAIN,6-DRAWER	2	UPK	1	\$ 796.00	\$ 446.00	\$ 446.00	\$ 119.00	\$ 95.00	\$ 95.00
13822045	MEDSTATION,4000,MAIN,6-DRAWER	\$ 401.00	\$ 109.00	PEDCL	323		MEDSTATION,ES,MAIN,6-DRAWER	1	UPK	1	\$ 744.00	\$ 417.00	\$ 417.00	\$ 119.00	\$ 95.00	\$ 95.00
		\$ 863.00	\$ 238.00									\$ 914.00			\$ 207.00	

Total Monthly Rental & Support Fee: **\$38,709.00**

All fees mentioned are in USD

Customer Initials: _____



Customer Order

Customer Order Date: 07/02/2017
 Customer Order : 1000115575

Customer Information

Sold To:		Ship To:	Bill To		
Legal Name:	KERN MEDICAL CENTER	KERN MEDICAL CENTER	Same as (Circle)	Sold To:	Ship To:
DBA:	KERN MEDICAL CENTER	1700 MOUNT VERNON AVE			
Street Address:	1700 MOUNT VERNON AVE	1700 MOUNT VERNON AVE			
City,St.,Zip:	BAKERSFIELD, CA 93306-4018	BAKERSFIELD, CA 93306-4018			
Customer No.	10043609	10043609			

1. Customer Orders. Effective as of the date of both signatures below ("**Effective Date**"), this agreement is entered by and between CareFusion and Customer as separate and distinct agreements combined for administrative convenience for: (i) Rental Equipment and/or Software listed in the Product Schedule attached hereto and incorporated by this reference (each, a "**Pyxis Product**" and, collectively, the "**Pyxis Products**"); and (ii) Services applicable to the Pyxis Products (collectively, the "**Customer Orders**"). The Customer Orders will be governed by the Master Agreement and applicable Schedule(s) in effect between the Parties ("**Master Agreement**"). Any reference to a "Rental Term(s)" or "Rental Fee(s)" in relation to Software included as a Pyxis Product hereunder will alternately refer to "**Subscription Term(s)**" or "**Subscription Fee(s)**", respectively.

2. Footprint Modification Option. The Parties understand and agree that the Pyxis Products hereunder will be subject to the following option (hereafter, "**FMO Option**").

(a) **Definitions.** As used herein, (i) "**FMO Products**" will mean a subset of the Pyxis Products valued at up to twenty percent (20%) of the Modification Amount for each Contract Year; (ii) "**Modification Amount**" will mean the total annual Monthly Rental and/or Monthly Subscription Fees for the Pyxis Products set forth on the Product Schedule; and (iii) "**Contract Year**" will mean the twelve (12) month period beginning on the Effective Date (or the anniversary of the Effective Date) of the Master Agreement ("**Master Agreement Anniversary Date**") and ending twelve (12) months thereafter and each subsequent twelve-(12) month period of the Rental and/or Subscription Terms hereunder.

(b) **Terms and Conditions.** Customer will have the option to return all or part of the FMO Products each Contract Year; provided that Customer: (i) provides CareFusion with written notice at least ninety (90) days prior to the end of the Contract Year; (ii) signs the amendment to the Customer Orders memorializing Customer's exercise of the FMO Option ("**FMO Amendment**"); and (iii) timely complies with the terms of the FMO Amendment, including, without limitation, completion of the FMO Product return activities and payment of return shipping and any other applicable fees. Notwithstanding any term or condition to the contrary, in no event will an FMO Option: (a) apply to any Sold-To or Ship-To entity other than the entity (ies) designated above; (b) apply to any Third Party Product or Software listed on the Product Schedule; or (c) carry over to a subsequent Contract Year. The Rental, Support and/or Subscription Terms and Customer's obligation to pay Monthly Rental, Support and/or Subscription Fees for the FMO Products will terminate effective as of the date set forth in the FMO Amendment. The FMO Amendment will have no effect on any other Pyxis Products and Customer's payment obligations for such Pyxis Products will continue uninterrupted in accordance with the terms of the Customer Orders.

Will a Purchase Order be required for payment of the financial obligation proposed under this Customer Order?(Please Circle)

Yes	No	Rental PO#:
		Support PO#:

Copies of this Customer Order will be sent to Ship To signer listed above.
 When complete, additional copies will be sent to the following address:

Name: _____
 Street Address: _____
 City,St.,Zip: _____

Each person signing this document represents that he/she intends to and has the authority to bind his/her respective Party to the Rental Customer Order and the separate Support Customer Order.

KERN MEDICAL CENTER

Sign: _____
 Print: _____
 Title: _____ Date: _____

CAREFUSION SOLUTIONS, LLC

ATTN: CONTRACTS, 3750 TORREY VIEW CT, SAN DIEGO, CA 92130 888.876.4287

Sign: _____
 Print: _____
 Title: _____ Date: _____

This Customer Order is not valid until executed by both Customer and CareFusion Solutions, LLC.

SALES ASSOCIATE:Richard Blankenship
 Email: rick.blankenship@bd.com



Customer Order
 Pyxis Product Schedule
 Customer Order : 1000115575

Sold To: KERN MEDICAL CENTER #10043609
 Ship To: KERN MEDICAL CENTER #10043609

Support Level: Basic / Standard 24h
 Rental and Support Term: 60 months

GPO: HEALTHTRUST PURCHASING GROUP

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 09/30/2017

Current Products				New Products												
Serial Number	Product Name	Monthly Rental Fee		Proposed Location	Product ID	Rx/ Prs	Product Name	P.Drws	Tr.Type	QTY	Monthly Rental Fee			Monthly Support Fee		
		Current	Support								List	Net	Extended	List	Net	Extended
		\$ 0.00	\$ 0.00		806		PHARMOGISTICS ES SW HOSP		SWN	1	\$ 2,442.00	\$ 2,442.00	\$ 2,442.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		807		PYXIS CHECK SW HOSP		SWN	1	\$ 444.00	\$ 444.00	\$ 444.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		137116-01		PHARMOGISTICS ES TEST SYSTEM SW		SWN	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		136607-01		Hosted Data Services OPT IN		SWN	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		130990-02		KIT-INSTALL, PHARMOGISTICS/CAROUSEL, NETWK		SWN	1	\$ 42.00	\$ 42.00	\$ 42.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		134056-01		CCE Basic Connectivity		SWN	1	\$ 80.00	\$ 80.00	\$ 80.00	\$ 72.00	\$ 72.00	\$ 72.00
		\$ 0.00	\$ 0.00		134318-01		INTF, PHACTS, PHARMACY SYSTEM CARTFILL		SWN	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		135003-01		INTF,MED,ADDL,PHACTS INTEGRATION		SWN	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		134971-01		IF, PHACTS, TO WHOLESALE		SWN	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		134973-01		IF, PHACTS, TO FINANCE/ GENERAL LEDGER		SWN	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		136023-01		MFN FORMULARY INTERFACE from PIS		SWN	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		355079-01		INTF,PHARMOGISTICS, SCANCODE,PYXIS		SWN	1	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		136571-01		Pharmogistics Server Implementation		NEW	1	\$ 133.00	\$ 133.00	\$ 133.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		136572-01		Pharmogistics Site Implementation		NEW	1	\$ 200.00	\$ 200.00	\$ 200.00	\$ 0.00	\$ 0.00	\$ 0.00
		\$ 0.00	\$ 0.00		134652-02		Pyxis Check scanner kit		NEW	2	\$ 64.00	\$ 64.00	\$ 128.00	\$ 2.00	\$ 2.00	\$ 4.00
		\$ 0.00	\$ 0.00		130978-02		SCNR,MT2070,HD,WL,2D, KEYPAD		NEW	3	\$ 54.00	\$ 54.00	\$ 162.00	\$ 12.00	\$ 12.00	\$ 36.00
		\$ 0.00	\$ 0.00		136178-01		PRINTER ZT410 THRML BAR CODE		NEW	2	\$ 67.00	\$ 67.00	\$ 134.00	\$ 14.00	\$ 14.00	\$ 28.00
		\$ 0.00	\$ 0.00		133799-02		TERM,MC9590,MOBILE PC, WL		NEW	1	\$ 97.00	\$ 97.00	\$ 97.00	\$ 43.00	\$ 43.00	\$ 43.00
		\$ 0.00	\$ 0.00		135403-01		PTR,BLUTOOTH/802.11B/G MOB,THRML W/ LBLS		NEW	1	\$ 117.00	\$ 117.00	\$ 117.00	\$ 50.00	\$ 50.00	\$ 50.00
		\$ 0.00	\$ 0.00										\$ 3,979.00			\$ 233.00

Customer Initials: _____

Total Monthly Rental & Support Fee:

All fees mentioned are in USD

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

November 15, 2017

Subject: Proposed Amendment No. 1 to Operating Agreement of Kern Medical Surgery Center, LLC, a California Limited Liability Company

Recommended Action: Approve; Authorize Chairman to sign

Summary:

The Operating Agreement provides that the Kern County Hospital Authority (“Hospital Authority”), a California governmental entity, in its capacity as the sole member of the Kern Medical Surgery Center, LLC (“Surgery Center”), shall contribute cash and other property to the Surgery Center as the Hospital Authority determines is needed and is appropriate. The Proposed Amendment No. 1 increases the capital contribution amount by \$500,000 from \$1,500,000 to \$2,000,000 as well as in-kind contributions that may include but are not limited to, legal, financial, management, administrative, contracting, Agreement for Lease, equipment, and insurance.

**FIRST AMENDMENT
TO
OPERATING AGREEMENT
OF
Kern Medical Surgery Center, LLC
a California Limited Liability Company**

This First Amendment (this “Amendment”) to the Operating Agreement of Kern Medical Surgery Center, LLC, a California limited liability company (the “Company”), dated as of August 18, 2016, amends the Operating Agreement of the Company (the “Agreement”), effective as of this 15th day of November, 2017, and is made by the Kern County Hospital Authority, a California governmental entity, in its capacity as the sole member (the “Member”) of the Company.

WHEREAS, the Agreement provides that the Member, as its Capital Contribution, shall contribute such cash and other property to the Company as the Member determines that the Company may need and is appropriate; and

WHEREAS, pursuant to paragraph 3.2 of the Agreement, the Board of Managers shall cause Exhibit “A” to the Agreement to be amended to reflect all Capital Contributions made in cash or other property; and

WHEREAS, paragraph 10.7 of the Agreement states the Agreement shall not be amended or modified except by a writing signed by the Member; and

WHEREAS, the Member desires to amend the Agreement as set forth herein;

NOW, THEREFORE, the Member hereby amends the Agreement as follows:

1. Exhibit “A” to Operating Agreement shall be deleted in its entirety and replaced with First Amendment to Exhibit “A” to Operating Agreement, attached hereto and incorporated herein by this reference.
2. Except as otherwise defined herein, all capitalized terms used in this Amendment have the meaning set forth in the Agreement.
3. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
4. 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.
5. 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 undersigned has executed this First Amendment to the Agreement as of the day and year first written above.

KERN COUNTY HOSPITAL AUTHORITY,
a California governmental entity

By _____
Chairman
Board of Governors

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Karen S. Barnes
VP & General Counsel

**FIRST AMENDMENT
TO
EXHIBIT "A"
TO
OPERATING AGREEMENT**

Record of Capital Contributions made and Units issued to the Member:

<u>Member Name</u>	<u>Units Owned</u>	<u>Contribution Amount; Date</u>
Kern County Hospital Authority	One (1)	\$2,000,000; date(s) to be determined In-kind, including but not limited to, legal, financial, management, administrative, contracting, Agreement for Lease, equipment, and insurance; date(s) to be determined

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

November 15, 2017

Subject: Proposed retroactive Amendment No. 1 to Agreement with Arman G. Froush, DO

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed retroactive Amendment No. 1 to Agreement 2016-072 with Arman G. Froush, DO, a contract employee, for professional medical services in the Department of Radiology, increasing the excess call coverage by \$200 per 24-hour day for every weekday, \$400 per 24-hour day for every weekend and the annual maximum payable by \$131,667, not to exceed \$2,275,000 over the three-year term of the agreement.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Arman G. Froush, D.O.)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2017, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Arman G. Froush, D.O. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #2016-072, dated October 19, 2016), whereby Physician provides professional medical services in the Department of Radiology and teaching services to resident physicians employed by Authority; and

(b) It is the intent of the parties to have the terms of the Agreement provide for the payment of all reasonably projected costs and expenses related to the services provided by Physician; and

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

(d) The Agreement is amended effective as of September 26, 2017;

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 5, Compensation Package, paragraph 5.2, Excess Call Coverage, shall be deleted in its entirety and replaced with the following:

“5.2 Excess Call Coverage. Authority shall pay Physician for excess call coverage (vascular/interventional radiology call only) as follows: (i) Physician shall be paid a fixed fee in the amount of \$1,000 per 24-hour day for every weekday (Monday-Friday) of call coverage assigned; and (ii) Physician shall be paid a fixed fee in the amount of \$2,000 per 24-hour day for every weekend (Saturday and Sunday) of call coverage assigned. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.”

2. Section 5, Compensation Package, paragraph 5.6, Maximum Payable, shall be deleted in its entirety and replaced with the following:

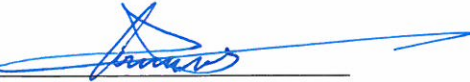
“5.6 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$2,275,000 over the three-year Initial Term of this Agreement.”

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 take 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 TO THE FOREGOING, the parties have executed this Amendment No. 1 as of the day and year first written above.



PHYSICIAN

By 
Arman G. Froush, D.O.

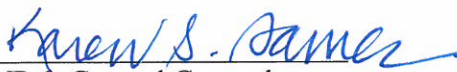
KERN COUNTY HOSPITAL AUTHORITY

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.Froush.102717

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

November 15, 2017

Subject: Proposed retroactive Agreement with JTS Construction

Recommended Action: Make Finding project is exempt from further CEQA review per sections 15301 and 15061(b)(3) of State CEQA Guidelines; Approve; Authorize Chairman to sign

Summary:

The proposed retroactive Agreement with JTS Construction, an independent contractor, for construction management services related to the remodel at Sagebrush Medical Plaza to construct an IT Hub, effective October 17, 2017, in an amount not to exceed \$717,500.

Construction includes, but may not be limited to demolition, concrete, insulation, door & hardware, drywall, painting, flooring, signage, fire suppression, mechanical and plumbing, electrical, and installation of new generator.

DOCUMENT 00500

AGREEMENT

THIS AGREEMENT, dated this 17 day of October, 2017, is by and between **James Thompson, Inc dba JTS Construction** whose place of business is located at PO Box 41765 Bakersfield, CA 93384 (“Contractor”), and the KERN COUNTY HOSPITAL AUTHORITY, a political subdivision of the State of California (hereinafter “Owner and/or Authority”), acting under and by virtue of the authority vested in Owner by the laws of the State of California

WHEREAS, in consideration for the promises and payment to be made and performed by Authority, and under the conditions expressed in the incorporated Bid Proposal (Bid), bonds and related papers, Contractor agrees to do all the work and furnish all the materials at the expense of Contractor (except such as the Specifications state will be furnished by Authority) necessary to construct and complete in a good and workmanlike manner to the satisfaction of the Chief Executive Officer for the Kern County Hospital Authority all the work shown and described in the plans and specifications for the project known as:

Sagebrush NOC IT HUB 1250.10938

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, Contractor and Owner agree as follows:

ARTICLE 1 - SCOPE OF WORK OF THE CONTRACT

1.01 Work of the Contract

1.01 Contractor shall complete all Work specified in the Contract Documents, in accordance with the Specifications, Drawings, and all other terms and conditions of the Contract Documents (**Work**).

1.02 Price for Completion of the Work

- A. Owner shall pay Contractor the following Contract Sum **Seven Hundred Seventeen Thousand Five Hundred and no/xx dollars (\$717,500.00)** for completion of Work in accordance with Contract Documents as set forth in Contractor’s Bid, attached hereto.

ARTICLE 2 - COMMENCEMENT AND COMPLETION OF WORK

2.01 Commencement of Work

- A. Contractor shall commence Work on the date established in the Notice to Proceed (**TBD**).
- B. Owner reserves the right to modify or alter the Commencement Date.

2.02 Completion of Work

- A. Contractor shall achieve Final Completion of the entire Work **150 Working Days**, as defined in Document 01422, from the Commencement Date.

ARTICLE 3 - LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF WORK

3.01 Liquidated Damage Amounts

- A. As liquidated damages for delay Contractor shall pay Owner one thousand, five hundred dollars (\$1,500) for each Calendar Day that expires after the time specified herein for Contractor to achieve Final Completion of the entire Work, until achieved.

3.02 Scope of Liquidated Damages

- A. Measures of liquidated damages shall apply cumulatively.
- B. Limitations and stipulations regarding liquidated damages are set forth in Document 00700 (General Conditions).

ARTICLE 4 - CONTRACT DOCUMENTS

4.01 Contract Documents consist of the following documents, including all changes, Addenda, and Modifications thereto:

Document 00001	Title Page
Document 00100	Notice to Contractors
Document 00200	Instruction to Bidders
Document 00300	Geotechnical Data and Existing Conditions
Document 00410	Bid Form
Document 00412	Bidder Registration Form
Document 00431	Subcontractors List
Document 00452	Non-Collusion Declaration
Document 00453	Iran Contracting Act Certification
Document 00455	Bidder Certifications
Document 00500	Agreement
Document 00501	Proposed Contract Documents Transmittal
Document 00601	Construction Performance Bond
Document 00602	Construction Labor and Material Payment Bond
Document 00603	Guaranty
Document 00590	Release of Claims
Document 00700	General Conditions
Document 00738	Apprenticeship Programs
Document 00800	Supplementary Conditions – Insurance
Master Specifications	Divisions 1 through 16
Drawings	

4.02 There are no Contract Documents other than those listed above. The Contract Documents may only be amended, modified or supplemented as provided in Document 00700 (General Conditions).

ARTICLE 5 – LIABILITY OF AUTHORITY

5.01 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.

ARTICLE 6 – MISCELLANEOUS

6.01 Terms and abbreviations used in this Agreement are defined in Document 00700 (General Conditions) and Section 01422 (Definitions) and will have the meaning indicated therein.

6.02 It is understood and agreed that in no instance are the persons signing this Agreement for or on behalf of Owner or acting as an employee, agent, or representative of Owner, liable on this Agreement or any of the Contract Documents, or upon any warranty of authority, or otherwise, and it is further understood and agreed that liability of Owner is limited and confined to such liability as authorized or imposed by the Contract Documents or applicable law.

6.02 In entering into a public works contract or a subcontract to supply goods, services or materials pursuant to a public works contract, Contractor or Subcontractor offers and agrees to assign to

the awarding body all rights, title and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. §15) or under the Cartwright Act (Chapter 2 (commencing with §16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time Owner tenders final payment to Contractor, without further acknowledgment by the parties.

6.03 This project is subject to prevailing wage laws. Copies of the general prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Contract, as determined by Director of the State of California Department of Industrial Relations, are deemed included in the Contract Documents and on file at Owner's Office, and shall be made available to any interested party on request. Pursuant to California Labor Code §§ 1860 and 1861, in accordance with the provisions of Section 3700 of the Labor Code, every contractor will be required to secure the payment of compensation to his employees. Contractor represents that it is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and Contractor shall comply with such provisions before commencing the performance of the Work of the Contract Documents.

6.04 This Agreement and the Contract Documents shall be deemed to have been entered into in the County of Kern, State of California, and governed in all respects by California law (excluding choice of law rules). The exclusive venue for all disputes or litigation hereunder shall be in the Superior Court for the County of Kern.

IN WITNESS WHEREOF the parties have executed seven original Agreements on the day and year first above written.

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL

KERN COUNTY HOSPITAL AUTHORITY

By _____
Shannon Hochstein, Deputy County Counsel

By _____
Board of Governors, Chairman

"AUTHORITY"

APPROVED AS TO CONTENT:
KERN MEDICAL HOSPITAL

James Thompson, Inc. dba JTS Construction

By _____
Jared Leavitt, Chief Operating Officer

Type of Entity
(corporation, partnership, sole proprietorship)

By _____
Thad Bulkeley, Facility Director

By _____
Signature

Typed Name

By _____
Russell Judd, Chief Executive Officer

Title of Individual Executing
Document on behalf of Firm

"CONTRACTOR"

NOTICE: CONTRACTORS ARE REQUIRED BY LAW TO BE LICENSED AND ARE REGULATED BY CONTRACTORS' STATE LICENSE BOARD. QUESTIONS CONCERNING A CONTRACTOR MAY BE REFERRED TO THE REGISTRAR OF THAT BOARD, WHOSE ADDRESS IS: CONTRACTORS' STATE LICENSE BOARD, 1020 "N" STREET, SACRAMENTO, CALIFORNIA 95814.

END OF DOCUMENT

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

November 15, 2017

Subject: Proposed Amendment No. 5 with Morrison Management Specialists, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical proposes Amendment No. 5 to the agreement with Morrison Management Specialists, Inc. for the management of the Dietary, Food, and Nutrition Services Departments. Amendment No. 5 extends the term of the agreement through June 30, 2023, adds in the cost of one clinical dietician for outpatient clinic appointments, provides a \$450,000 multi-service discount on the management cost, \$350,000 in new investment dollars, and \$207,000 carryover investment dollars from the previous contract that Kern Medical can use on upgrading dietary, food, and nutrition facilities and equipment. The total cost of the five (5) year extension is \$6,434,394, not including the multi-service discount and new and carry-over capital investments. The overall costs include a management fee; potential incentive pay; and salaries, wages, and benefits of the on-site Morrison employees which includes the director, managers, and dieticians charged with managing all food service and nutrition activity in the hospital.

**AMENDMENT NO. 5
TO
MANAGED SERVICES AGREEMENT
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Morrison Management Specialists, Inc.)**

This Amendment No. 5 to the Managed Services Agreement is made and entered into this 15th day of November, 2017, by and between the Kern County Hospital Authority, a local unit of government (“KCHA”), which owns and operates Kern Medical Center (“Kern Medical”), and Morrison Management Specialists, Inc., a Georgia corporation, d/b/a Morrison Health Care, Inc. (“Morrison”), with offices located at 400 Northridge Road, Suite 600, Atlanta, Georgia 30350.

RECITALS

(a) The County of Kern, and Morrison have heretofore entered into a Managed Services Agreement (Kern County Agt. #472-2009, dated June 16, 2009), Amendment No. 1 (Kern County Agt. # 1104-2010, dated December 13, 2010), Amendment No. 2 (Kern County Agt. #836-2012, dated November 12, 2012), Amendment No. 3 (Kern County Agt. #479-2013, dated June 25, 2013), Amendment No. 4 (Kern County Agt. #450-2015), and Assignment of Agreement (Kern County Agt.#297-2016) (hereinafter collectively referred to as the “Agreement”), for the period June 27, 2009 through June 26, 2018, to provide supervision and management of the Food Service at Kern Medical; and

(b) The Agreement expires June 26, 2018; and

(c) Kern Medical continues to require the services of Morrison to supervise and manage the Food Service at Kern Medical and Morrison has agreed to provide such services which the changes provided herein; and

(d) It is the intent of the Parties to have the terms of the Agreement provide for the payment of all reasonably projected costs and expenses related to the services provided by Morrison; and

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

(f) This Amendment No. 5 to the Agreement shall be effective August 1, 2017;

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, Definitions, “Term”, shall be amended as follows:

“Term”: The period of time from the Effective Date through June 30, 2023, unless otherwise earlier terminated as provided herein.”

2. Section 21, Term of Agreement, shall be deleted in its entirety and replaced with the following:

“21. Term of Agreement:

The term of this Agreement shall commence on June 27, 2009, at 12:01 a.m. (the “Effective Date”) and continue until June 30, 2023, unless extended by mutual agreement or terminated in accordance with Section 32 of this Agreement.”

3. Section 22, Cost of Services, paragraph b, Summary of Costs, shall be deleted in its entirety and replaced with the following:

“b. Summary of Costs:

i. For the period June 27, 2009 through June 26, 2012, Morrison’s charges to KCHA for payroll costs related to Morrison’s management personnel (including clinical staff); Morrison’s combined management fee and general and administrative charge; and Morrison’s relocation and startup fees shall not exceed \$3,118,680.

ii. For the period June 27, 2012 through June 26, 2015, Morrison’s charges to KCHA for payroll costs related to Morrison’s management personnel (including clinical staff); Morrison’s combined management fee and general and administrative charge; and incentives earned in accordance with Section 22 shall not exceed \$3,306,344.

iii. For the period June 27, 2015 through June 26, 2018, Morrison’s charges to KCHA for payroll costs related to Morrison’s management personnel (including clinical staff); Morrison’s combined management fee and general and administrative charge; and incentives earned in accordance with Section 22 shall not exceed \$3,362,445. Notwithstanding the forgoing, the parties anticipate adding a new registered dietitian for Kern Medical’s outpatient clinic prior to June 26, 2018. At such time, this number will increase by \$8,798 for each month remaining in the period. The increase has been included in the not to exceed amount of \$3,362,445.

iv. For the period June 27, 2018 through June 30, 2023, Morrison’s charges to KCHA for payroll costs related to Morrison’s management personnel (including clinical staff); Morrison’s combined management fee and general and administrative charge; and incentives earned in accordance with Section 22 shall not exceed \$6,419,663.

4. Section 22, Cost of Services, paragraph c, Management Fee, subparagraph i (1), is hereby added to the Agreement:

“1. For the period of June 27, 2018 through June 30, 2023, Morrison shall be allowed to charge and receive the combined management fee and general/administrative charge (the “Management Fee”) set forth in the table below, which amounts will be all payable in equal, consecutive monthly installments.

Annual Period	Management Fee
June 27, 2018 through June 26, 2019	\$173,040
June 27, 2019 through June 26, 2020	\$176,501
June 27, 2020 through June 26, 2021	\$180,031
June 27, 2021 through June 26, 2022	\$183,632
June 27, 2022 through June 30, 2023	\$187,305

Morrison’s monthly combined management fee and general/administrative charge shall be included in Morrison’s Initial Invoice for each month being billed.”

5. Section 22, Cost of Services, paragraph h, 2017 Investment, is hereby added to the Agreement:

“h. 2017 Investment:

i. Effective December 1, 2017, Morrison agrees to make available the total sum of \$350,000 for investment (“2017 Investment”) in renovations, capital equipment and improvements (“2017 Improvements”) for the remodel and construction of the Food Service Department, which 2017 Improvements shall be made and located as mutually agreed upon.

ii. Morrison will have the right to select the vendors who will provide the Improvements, subject to KCHA’s approval, which will not be unreasonably withheld. All such 2017 Improvements may be removed or replaced with the Parties’ mutual approval, and the 2017 Investment shall be amortized/depreciated monthly by straight-line method from December 1, 2017 to June 30, 2023.

iii. The monthly amount of the amortization/depreciation will be based on Morrison’s then current accounting period used by Morrison’s parent company. Morrison has agreed to bear the cost of the 2017 Investment. However, KCHA agrees to pay Morrison immediately the full unamortized/undepreciated amount of the 2017 Investment if this Agreement is terminated for any reason prior to full amortization/depreciation of the 2017 Investment.

iv. Title to the 2017 Improvements shall pass to KCHA after full amortization/ depreciation of the 2017 Investment, or, if this Agreement is terminated prior to full amortization/depreciation, after payment to Morrison of all amounts owed under this section.

v. KCHA, not Morrison, will be responsible for costs incurred in connection with the 2017 Investment or 2017 Improvements due to delays or costs that are incurred due to circumstances beyond Morrison's control, including, but not limited to, force majeure events; delays in the permitting process; or the existence of hidden, latent and/or unknown problems such as the discovery of asbestos or other hazardous materials. Morrison will provide a fixed asset report that identifies the purchases made by Morrison in connection with the 2017 Investment."

6. In addition to the 2017 Investment described herein, the Parties understand and agree that certain investment dollars previously made available by Morrison to KCHA have not yet been spent. The parties hereby acknowledge that these funds, which equal approximately \$207,000 as of November 1, 2017, remain available for the Parties use, subject to the terms and conditions previously agreed upon at the time such funds were made available by Morrison. In addition, the Parties have agreed that Morrison will be able to redistribute the remaining unamortized balance of these funds over a new amortization/depreciation schedule from December 1, 2017 through June 30, 2023. Accordingly, Section 22, Cost of Services, paragraph g, 2015 Investment, shall be deleted in its entirety and replaced with the following:

g. Previous Investment:

i. Morrison previously agreed to make investment funds ("the Previous Investment") available for renovations, capital equipment or other improvements in the Food Service Department (the "Previous Improvements"). As of November 30, 2017, the unamortized/undepreciated amount of the Previous Investment will be \$73,888.89. The Parties have agreed that Morrison will redistribute the unamortized/undepreciated amount of the Previous Investment over a new amortization/depreciation schedule on a monthly basis by straight-line method from December 1, 2017 through June 30, 2023. The monthly amount of the amortization/depreciation will be based on Morrison's then current accounting period used by Morrison's parent company.

ii. Morrison will continue to bear the costs associated with the Previous Investment. However, KCHA agrees to pay Morrison immediately the full unamortized/undepreciated value of the Previous Investment of the Previous Investment if this Agreement is terminated for any reason prior to full amortization/depreciation of the Previous Investment.

iii. Title to the Previous Improvements shall pass to KCHA after full amortization/depreciation of the Previous Investment, or, if this Agreement is terminated prior to full amortization/depreciation, after payment to Morrison of all amounts owed under this paragraph.

7. Section 22, Cost of Services, paragraph i, Multi-Service Credit, is hereby added to the Agreement:

“i. Multi-Service Credit:

Morrison will provide a credit in the total amount of \$450,000, which will be provided in four (4) equal monthly installments of \$112,500 on Morrison’s Initial Invoice for December 1, 2017 through March 1, 2018 (“Credits”). The Credits are being provided in recognition of the fact that KCHA has elected to retain Morrison to perform the Services provided under the Agreement and to retain its affiliate Crothall Healthcare, Inc. (“Crothall”) to provide the housekeeping, patient transportation, laundry, and communications/call center services to KCHA under a separate agreement. Accordingly, if the new Crothall contract is not executed, KCHA will repay to Morrison any Credits issues by Morrison. In addition, if any of the services that Morrison or Crothall provide to KCHA under such agreements are terminated prior to June 30, 2023, KCHA shall pay Morrison a prorated amount of the Credits provided by Morrison hereunder on or before the date of termination. Such prorated amount shall be determined by multiplying the total amount of the Credits plus interest at the “Prime” rate plus 2% calculated from December 1, 2017 by a fraction, the numerator of which shall be the number of full months remaining from the effective date of termination until June 30, 2023 and the denominator of which shall be 68. In accordance with Section 1128B(b)(3)(A) of the Social Security Act, KCHA acknowledges and agrees that, depending upon how KCHA receives payment for items and services furnished, it may have an obligation to report these Credits from Morrison as a discount or rebate in accordance with this provision of the Social Security Act, including any regulations adopted pursuant thereto.

8. Section 32, Termination and Breach of Contract, paragraph d, Non-Appropriation, is hereby added to the Agreement:

d. Non-Appropriation. KCHA, as a government entity, reserves the right to terminate this Agreement upon providing Morrison at least thirty (30) days’ prior written notice in the event insufficient funds are appropriated for this Agreement in any fiscal year under the provisions of California Constitution Article 16 section 18a. KCHA’s fiscal year is July 1 to June 30 of each calendar year. Upon such termination, KCHA will be released from any future financial obligation to pay Morrison, but will be obligated to pay Morrison for the Services performed prior to the date of termination as well as any amounts due to Morrison upon (i) this clause being exercised, such as KCHA’s repayment obligations under Section 22 or (ii) a breach of any clause that survives the termination of this Agreement.

9. Section 11, subsection a, Restrictive Covenant. Per Section 11, subsection a, Morrison and KCHA have agreed that KCHA may hire Lori Tolleson, a Morrison employee, effective as of August 1, 2017 and such action will not be subject to the liquidated damages payment in subsection c of Section 11. KCHA has agreed to reimburse Morrison up to \$5,000 per month for the period of August 1, 2017 through October 31, 2017 for any travel/support fees incurred by Morrison for an interim director. In addition, KCHA agrees that Lori Tolleson will not be

responsible for any management, oversight or evaluation of Morrison, its performance, the service rendered by Morrison, or this Agreement.

10. Exhibit C of the Agreement (“Summary of Costs”) shall be deleted in its entirety and replaced with Exhibit C to this Amendment No. 5 (“Total Cost of Contract”), attached hereto and incorporated herein by this reference.

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

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

13. 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.

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

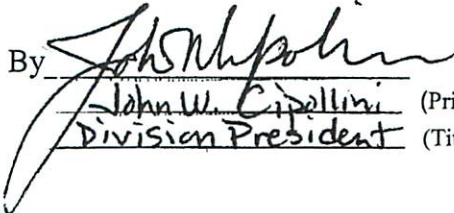
[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 5 as of the day and year first written above.

KERN COUNTY HOSPITAL AUTHORITY

MORRISON MANAGEMENT
SPECIALISTS, INC.

By _____
Russell Bigler
Chairman, Board of Governors

By  _____
John W. Cipollini (Print Name)
Division President (Title)

Approved As To Content:
Kern Medical Center

By _____
Jared Leavitt
Chief Operating Officer

Approved As To Form:
Legal Services Department


By  _____
Shannon Hochstein
Hospital Counsel

EXHIBIT C TO AMENDMENT NO. 4

Total Cost of Contract

Annual Contract Cost Not to Exceed

(Years 10 through 14)

	Total Salaries & Benefits	Total Support Fees	Total Contract Year Price
Year 10 (June 27, 2018 through June 26, 2019)	\$1,027,767	\$ 173,040	\$1,200,807
Year 11 (June 27, 2019 through June 26, 2020)	\$1,048,323	\$ 176,501	\$1,224,824
Year 12 (June 27, 2020 through June 26, 2021)	\$1,069,289	\$ 180,031	\$1,249,320
Year 13 (June 27, 2021 through June 26, 2022)	\$1,090,675	\$ 183,632	\$1,274,307
Year 14 (June 27, 2022 through June 30, 2023)	\$1,124,680	\$ 189,357	\$1,314,037
Total Fixed Contract Price Years 10 through 14 (consisting of Total Salaries & Benefits and Total Support Fees)			<u>\$6,263,295</u>

Incentive Opportunity

Year 10 (June 27, 2018 through June 26, 2019)	\$ 32,784
Year 11 (June 27, 2019 through June 26, 2020)	\$ 33,440
Year 12 (June 27, 2020 through June 26, 2021)	\$ 34,109
Year 13 (June 27, 2021 through June 26, 2022)	\$ 34,791
Year 14 (June 27, 2022 through June 30, 2023)	\$ 35,875
Total Variable Contract Price Years 10 through 14 (consisting of Total Incentive)	<u>\$ 170,999</u>

Total Annual Contract Cost Not to Exceed

(Years ten through fourteen)

\$6,434,294

Total Contract Cost Analysis

(Years one through fifteen)

Cost of Initial 3 Year Contract Period	\$3,118,680
Cost of Amend 2	\$ -0-
Cost of Amend 3, 36 Month Renewal Period	\$3,306,344
Cost of Amend 4, 36 Month Renewal Period	\$3,362,445
Cost of Amend 5, 60 Month Renewal Period	\$6,434,294

Total Cost of Contract:

\$16,221,763

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

November 15, 2017

Subject: Proposed retroactive Amendment No. 1 to Agreement with Naheedy and Zarandy Medical Group, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed retroactive Amendment No. 1 to Agreement 26716 with Naheedy and Zarandy Medical Group, Inc., an independent contractor, for professional medical services in the Department of Radiology, increasing the maximum payable by \$80,000 from \$570,000 to \$650,000 over the term of the two-year agreement.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Naheedy and Zarandy Medical Group, Inc.)**

This Amendment No.1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2017, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Naheedy and Zarandy Medical Group, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 49 Goleta Point Drive, Corona Del Mar, California 92625.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #26716, dated November 1, 2016) (the “Agreement”), for the period November 1, 2016 through October 31, 2018, to provide professional medical services in the Department of Radiology at KMC; and

(b) It is the intent of the parties to have the terms of the Agreement provide for the payment of all reasonably projected costs and expenses related to the services provided by Contractor; and

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

(d) The Agreement is amended effective October 21, 2017;

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 4, Payment for Services, paragraph 4.7, Excess Coverage, shall be made part of the Agreement as follows:

“4.7 Excess Coverage. Authority shall pay Contractor a fixed fee in the amount of \$1,600 per shift or any part thereof for coverage that exceeds an average of 15 shifts per month.”

2. Section 4, Payment for Services, paragraph 4.2, Maximum Payable, shall be deleted in its entirety and replaced with the following:

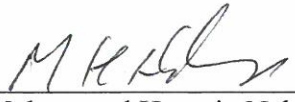
“4.2 Maximum Payable. The maximum payable under this Agreement shall not exceed \$650,000 over the two-year term of this Agreement.”

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.

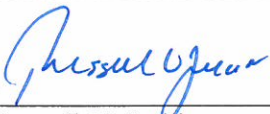

NAHEEDY AND ZARANDY MEDICAL GROUP, INC.

By 
Mohammad Hussain Naheedy, M.D.
Its President

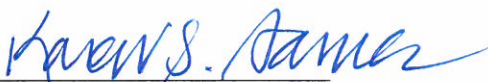
KERN COUNTY HOSPITAL AUTHORITY

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.Chandrasekhar.092917

BOARD OF GOVERNORS KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

November 15, 2017

Subject: Proposed selection of Milliman to recommend an alternate retirement plan for Kern Medical employees hired on or after July 1, 2018

Recommended Action: Approve; Authorize Chief Executive Officer to develop agreement

Summary:

Kern Medical requests your Board approve the selection of Milliman to research and recommend an alternate retirement solution for Kern Medical employees hired on or after July 1, 2018, review KCERA cost implications associated with migration to an alternate retirement solution and authorize the Chief Executive Officer to develop an agreement with Milliman for this purpose.

On September 7, 2017, Kern Medical issued a Request for Proposals (RFP) seeking a review of our current retirement plan through the Kern County Employees' Retirement Association (KCERA), to contemplate a new retirement plan, and finally to provide plan administrative services under the plan ultimately selected by Kern Medical as the retirement solution for new employees.

The RFP consisted of two phases: the first phase (Phase 1), requested proposals to perform an actuarial audit of the current KCERA employee pension plan, and the development of recommendation(s) for a retirement plan solution that would result in cost savings over the current plan(s) without substantially decreasing benefits to employees; the second phase (Phase 2) requested proposals to provide plan administration services to retirement plan participants. Proposers were instructed to indicate whether they wanted to be considered for one or both phases of the project.

The RFP was made available to interested parties on Kern Medical's website for seven weeks. Three vendors submitted proposals by the deadline, October 25, 2017.

On October 25, 2017, the proposals were forwarded to members of an evaluation committee, which consisted of the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, and Human Resources management. The committee met and reviewed the proposals on November 1, 2017.

Two of the three vendors submitted proposals for Phase 1 of the RFP. These vendors were Bartel & Associates and Milliman. On November 6, 2017, telephone interviews were conducted with both vendors to ask clarifying questions from their submissions.

Proposed selection of Milliman to design an alternate retirement plan for Kern Medical employees hired on or after July 1, 2018

Page 2 of 2

Each committee member then completed a scoring matrix, which considered key elements of the proposal as well as responses to the telephone interview questions, to determine which vendor best met the criteria for the requested services in Phase 1 of the RFP. The scoring indicated that Milliman was the vendor most qualified to provide the requested services for Phase 1.

Therefore, it is recommended that your Board approve the selection of Milliman to perform the services requested in Phase 1 of the RFP, including recommending an alternate retirement plan for Kern Medical employees hired on or after July 1, 2018, reviewing KCERA cost implications associated with the implementation of a new retirement plan, and authorizing the Chief Executive Officer to develop an agreement with Milliman for this purpose. The cost of this service is approximately \$160,000, which falls within the delegated signature authority of the Chief Executive Officer.

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

November 15, 2017

Subject: Establish Regular Meeting Dates of the Kern County Hospital Authority Board of Governors for Calendar Year 2018

Recommended Action: Approve; Adopt Resolution

Summary:

The conduct of your Board is subject to the provisions of the Brown Act. The Brown Act requires that your Board shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings.

Therefore, it is recommended that your Board establish its schedule of regular meetings for calendar year 2018 in compliance with the Brown Act by adopting the attached Resolution.

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

In the matter of:

Resolution No. _____

**ESTABLISHING THE REGULAR
MEETING DATES OF THE KERN
COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS FOR
CALENDAR YEAR 2018**

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 15th day of November, 2017, 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 Brown Act (Gov. Code, § 54954, subd. (a)) requires that the legislative body of a local agency shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings; and

(b) Section 2.170.060 of the Ordinance Code of the County of Kern (“Ordinance”) provides for a governing body, which shall be known as the Kern County Hospital Authority Board of Governors (“Board of Governors”); and

(c) Section 2.170.030 of the Ordinance provides that the Brown Act shall apply to the Kern County Hospital Authority; and

(d) The Board of Governors desires to establish its schedule of regular meetings for calendar year 2018 in compliance with the Brown Act.

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. Except as provided in paragraph 4 of this Resolution, the calendar year 2018 regular meetings of the Board of Governors shall be held as follows:

Wednesday, January 17, 2017	Regular Meeting
Wednesday, February 21, 2017	Regular Meeting
Wednesday, March 21, 2017	Regular Meeting
Wednesday, April 18, 2017	Regular Meeting
Wednesday, May 16, 2017	Regular Meeting
Wednesday, June 20, 2017	Regular Meeting
Wednesday, July 18, 2017	Regular Meeting
Wednesday, August 15, 2017	Regular Meeting
Wednesday, September 19, 2017	Regular Meeting
Wednesday, October 17, 2017	Regular Meeting
Wednesday, November 14, 2017	Regular Meeting
Wednesday, December 12, 2017	Regular Meeting

3. All meetings shall be held at Kern Medical Center, which is located at 1700 Mount Vernon Avenue, Bakersfield, California 93306. All meetings shall commence at the hour of 11:30 a.m., unless a different time is posted by the Authority Board Coordinator. Meetings so commenced may be continued from time to time until the disposition of all business before the Board.

4. Regular meetings shall be canceled or rescheduled whenever the Board of Governors unanimously finds good cause otherwise exists for cancellation, rescheduling, or scheduling of a regular meeting.

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

Members, Board of Governors
Kern Medical Center
Legal Services Department
County Administrative Office
Clerk of the Board of Supervisors

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

November 15, 2017

Subject: Proposed Retroactive Authority to Sign Banking Instruments

Recommended Action: Approve; Adopt Resolution

Summary:

The attached proposed resolution retroactively authorizes the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, and Director of Finance, to establish one or more zero balance accounts from time to time with banking institutions, as well as to operate and close such accounts, enter into agreements and transactions contemplated by the provision treasury management services, including electronic funds transfer services, and designate persons to operate and/or close such accounts and act on behalf of the Authority with respect to the establishment and operation of such services. Further, the proposed resolution establishes dollar threshold for signing checks by requiring that there be two signatures on all checks with a payable amount greater than \$250,000.

Therefore, it is recommended that your Board retroactively adopt the attached proposed resolution in the best interest of the Authority.

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

In the matter of:

Resolution No. _____

**AUTHORITY TO SIGN BANKING
INSTRUMENTS**

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 15th day of November, 2017, 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 (“Authority”), which owns and operates Kern Medical Center, is a local unit of government organized under the laws of the state of California (Health & Saf. Code, § 101852 et seq.); and

(b) The Authority maintains accounts with one or more banking and investment institutions (hereinafter, collectively, “Bank(s)"); and

(c) The Kern County Hospital Authority Board of Governors has determined it to be in the best interest of the Authority to establish a banking resolution.

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. Any individual incumbent (each an “Authorized Signer”) with the title Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, or Director of Finance is hereby authorized, acting with the Chief Executive Officer or Chief Financial Officer, to (a) establish one or more ‘zero balance accounts’ (hereinafter, collectively, “Accounts,” and individually, “Account”) from time to time for the Authority with Banks, as well as to operate and close such Accounts, (b) enter into any and all agreements and transactions contemplated by the provision of treasury management services, including but not limited to electronic funds transfer services, and (c) designate persons to operate each such Account including closing the Account, and to designate persons to act in the name and on behalf of the Authority with respect to the establishment and operation of treasury management services.

3. The Chief Executive Officer or his designee is authorized to provide any Bank doing business with the Authority with the name of each Authorized Signer, together with specimens of their signatures, and notify each such Bank in writing of any change in the status of an Authorized Signer. All such lists when filed with the Bank(s) shall be binding on the Authority until notice to the contrary is given to the manager of the branch of the Bank at which the Account of the Authority is kept, and receipt of such notice duly acknowledged in writing.

4. Two signatures shall be required on all checks with a payable amount greater than \$250,000.

5. Any Bank doing business with the Authority is hereby authorized to honor the signature of any Authorized Signer in accordance with this Resolution.

6. This Board acknowledges that prior approval of the Kern County Board of Supervisors is required if the Authority were to establish its own treasury (Kern County Ord. Code, ch. 2.170, § 2.170.030, subd. H).

7. The provisions of this Resolution shall be effective, in force, and operative as of the 1st day of July, 2016.

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

Kern Medical Center
Legal Services Department
Kern County Auditor-Controller
Kern County Treasurer-Tax Collector
County Administrative Office

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

November 15, 2017

Subject: Proposed Agreement with Bradley J. Phillips, M.D., a contract employee, for professional medical services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical is requesting your Board approve an employment agreement with Dr. Bradley J. Phillips to serve as a Trauma Critical Care faculty member, Residency Program Director, and Vice Chair in the Department of Surgery. Dr. Phillips brings extensive skills as a trauma surgeon and in academic leadership roles. Dr. Phillips will commence work on November 15, 2017, as the General Surgery Residency Program Director and Vice Chair in the Department of Surgery to enhance the academic teaching and prepare for the upcoming accreditation survey review currently scheduled for February 1, 2018.

Dr. Phillips joins Kern Medical from Creighton University School of Medicine where he currently serves as vice chairman of surgery and as an associate professor of surgery in both its Department of Surgery and Department of Clinical and Translational Science. Dr. Phillips' medical training includes medical school at Michigan State University, a surgical residency at Maricopa Medical Center in Phoenix, Arizona, a Research Fellowship at Brigham & Women's Hospital and Harvard Medical School, a Trauma-ICU Fellowship at Boston Medical Center and the Boston University School of Medicine, and a Burn Fellowship at the University of Texas Medical Branch and Shriners Hospital for Children in Galveston, Texas. His professional experience includes work at the Arizona Burn Center, Maricopa Health Systems, University of New Mexico, Johns Hopkins Burn Center, Swedish Medical Center in Englewood, Colorado, and at Creighton University School of Medicine. Dr. Phillips also previously served as a program director for a burn fellowship at Johns Hopkins Burn Center.

The term of the Agreement commences November 15, 2017 and ends November 14, 2020, Annual compensation as a Trauma Critical Care faculty member, Residency Program Director, and Vice Chair in the Department of Surgery shall be \$640,000 plus an estimated \$105,000 per year for restricted trauma call (restricted call is defined as being required to be onsite and remain in the hospital during the call period) and surgical back-up call. Dr. Phillips will also receive a starting bonus of \$20,000 as well as reimbursement for relocation-related expenses. The maximum compensation payable under the Agreement will not exceed \$2,400,000 over the three-year term.

The draft agreement with Bradley J. Phillips, M.D. is available for review in the Administration office of Kern Medical.

Kern Medical
1700 Mt. Vernon Avenue
Bakersfield, CA 93306
661-326-2102

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

November 15, 2017

Subject: Request to employ retired Kern County Hospital Authority employee Anna Rippy

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical is requesting approval to employ retired Kern County Hospital Authority employee Anna Rippy, as Extra Help Hospital Staff Nurse II, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective November 16, 2017. Ms. Rippy has the requisite experience and skill set needed to perform the work for which she is being reemployed. Ms. Rippy will be reemployed for a limited duration to fill voids in staffing in the Emergency Department.

The Public Employee Pension Reform Act (PEPRA) sets forth post-retirement employment requirements for all KCERA retirees returning to work for a KCERA employer. The authority is a designated KCERA employer. Under PEPRA, a retiree may be reemployed up to a maximum of 960 hours per fiscal year, subject to approval by your Board.

Therefore, it is recommended that your Board approve the reemployment of Anna Rippy, as Extra Help Hospital Staff Nurse II, effective November 16, 2017.

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

November 15, 2017

Subject: Proposed Agreements (Schedules 3 and 4 and Sales Orders 1-63XGF18 and 1-65FB00P5) with Cerner Corporation for Electronic Health Record

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Agreements (Schedules and Sales Orders) with Cerner Corporation to provide the following hosted software services to Kern Medical in 4 contract schedules:

- Cerner Millennium Electronic Health Record
- Cerner HealthIntent Population Health Platform
- Cerner Application Management Services (AMS)
- Cerner Transaction Services

The total cost of each 7-year agreement is:

- | | |
|---|--------------|
| • Cerner Millennium Electronic Health Record: | \$26,974,666 |
| • Cerner HealthIntent Population Health Platform: | \$4,830,714 |
| • Cerner Application Management Services (AMS): | \$4,568,503 |
| • Cerner Transaction Services: | \$2,402,718 |

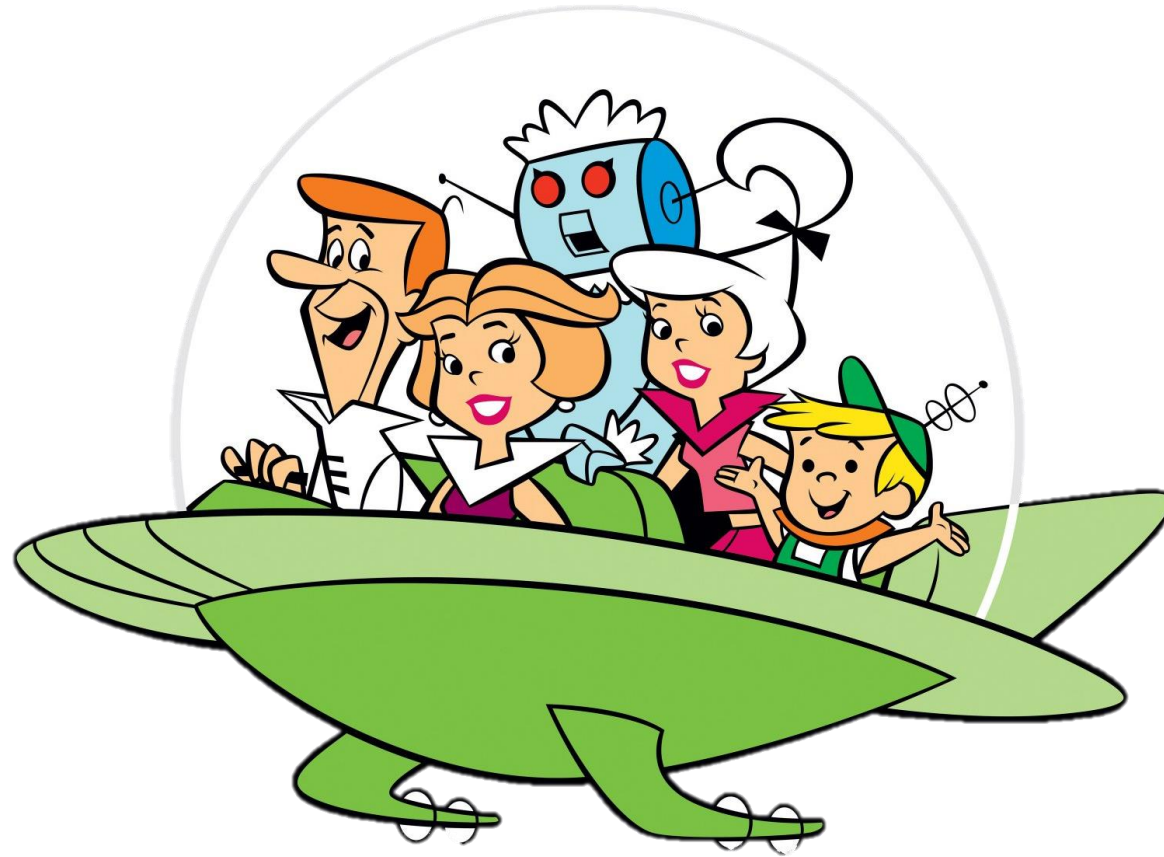
Total Not to Exceed:	\$38,776,601
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Counsel is unable to approve the agreements as to form due to non-standard terms, which include assignment of payments without approval of Kern Medical and pass-through provisions that are incorporated without review.



EHR 101

From The Flintstones...



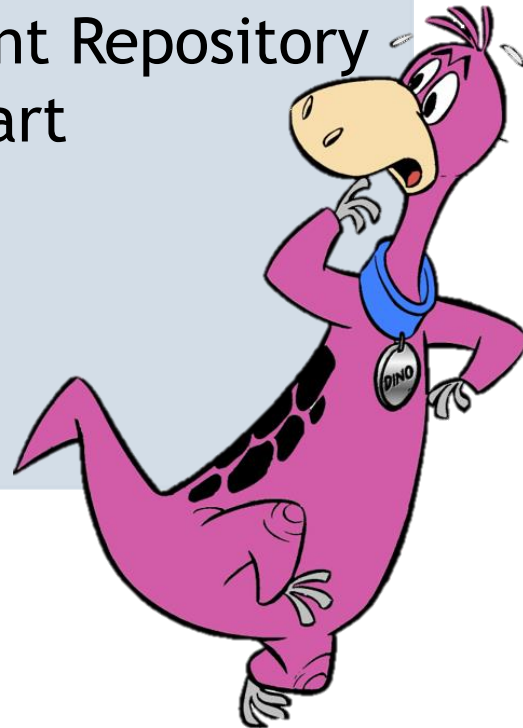
EHR 101

...to The Jetsons

EMR vs. EHR

EMR

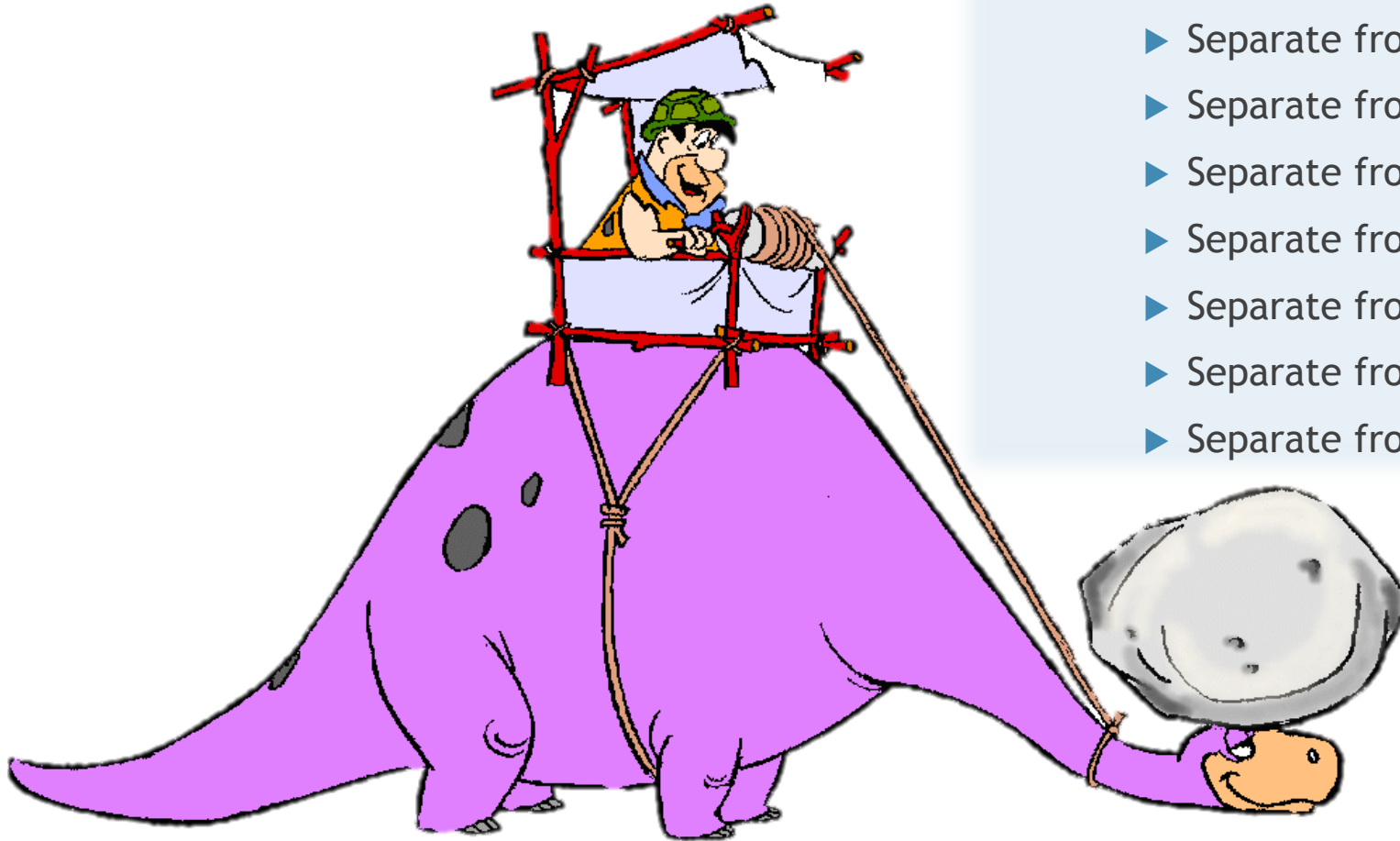
- Closed System
- Medical Document Repository
- Digital Paper Chart



EHR

- 1 Patient, 1 Record
- Patient Portal
- Physician Portal
- Connected to Community
- Integrated with Multiple Systems Inside and Outside the Hospital

Where Are We Today?



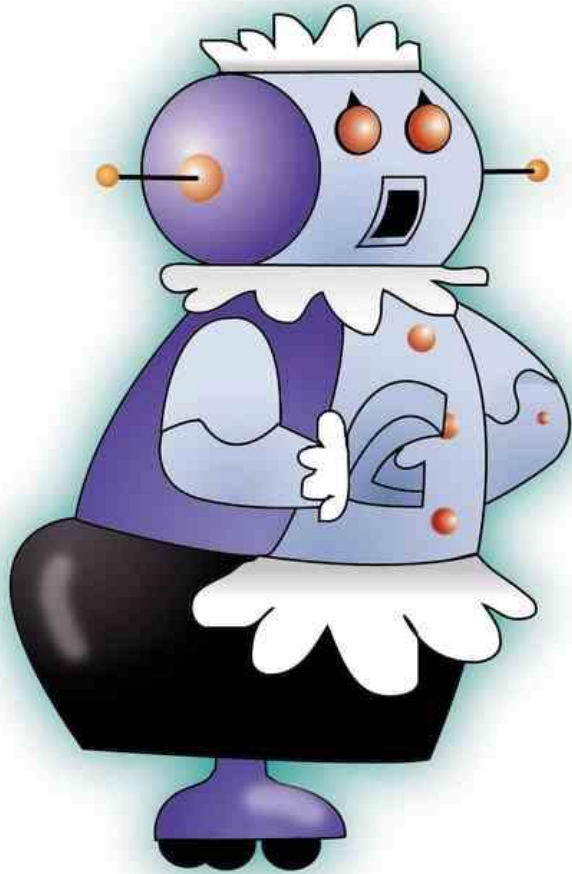
- ▶ CareView Open Vista (EMR)
 - ▶ Inpatient Only
 - ▶ Disconnected
 - ▶ Paper Ambulatory
 - ▶ Separate from Scheduling
 - ▶ Separate from Financial
 - ▶ Separate from Pharmacy
 - ▶ Separate from Lab/Blood Bank
 - ▶ Separate from Imaging/EKG
 - ▶ Separate from Behavioral Health
 - ▶ Separate from Community Hospitals

Where Are We Today?

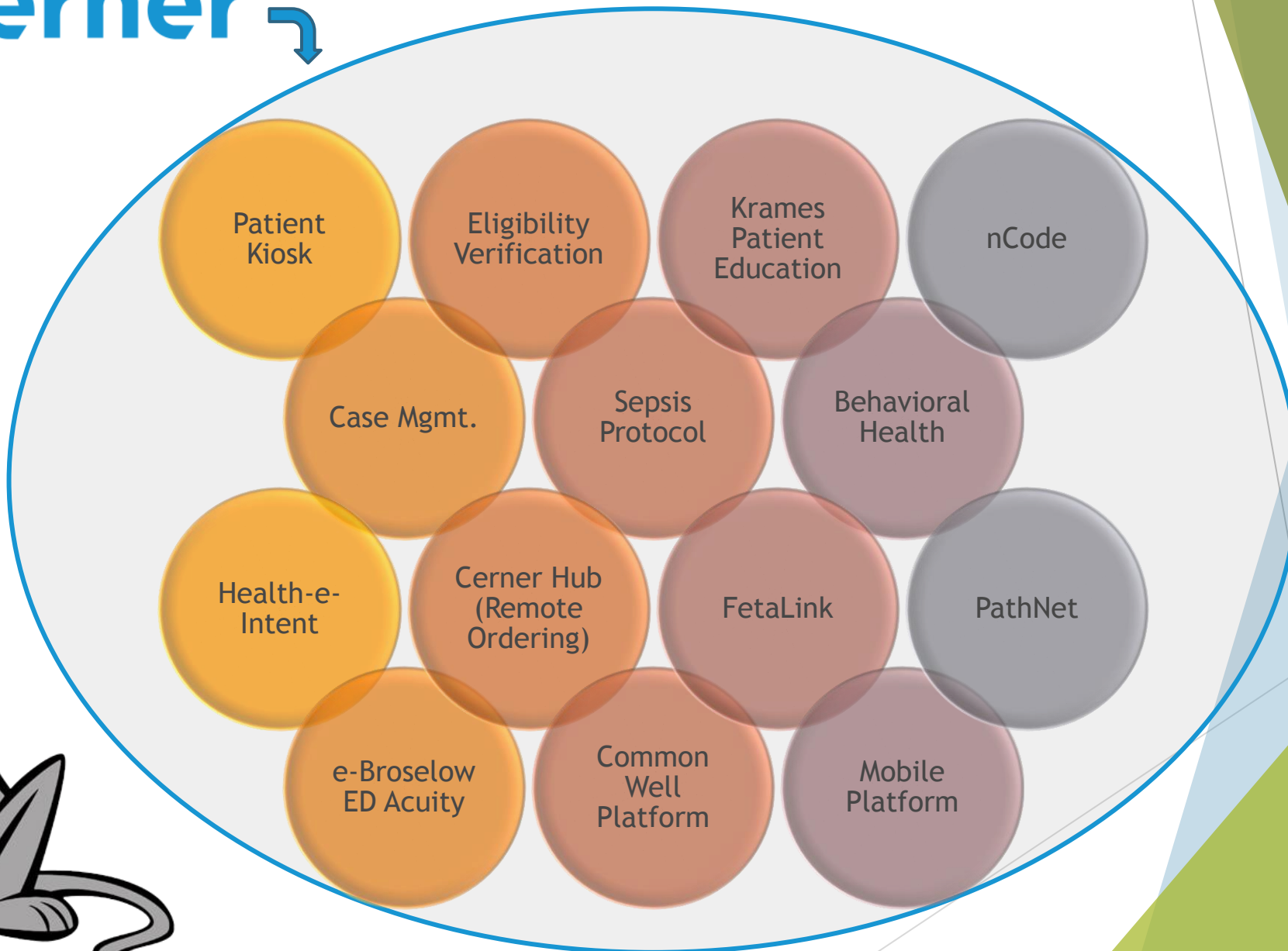
- ▶ CareView Open Vista
 - ▶ Cumbersome
 - ▶ Medication Reconciliation
 - ▶ Documentation
 - ▶ No Audit Trail
 - ▶ Unable to Locate Scanned Documents
 - ▶ Unreliable
 - ▶ Dropped Orders with Level of Service Change
 - ▶ No Clinical Decision Support
 - ▶ No Mobile Solution
 - ▶ No Coding/Charge Capture Support
 - ▶ No POS Integration

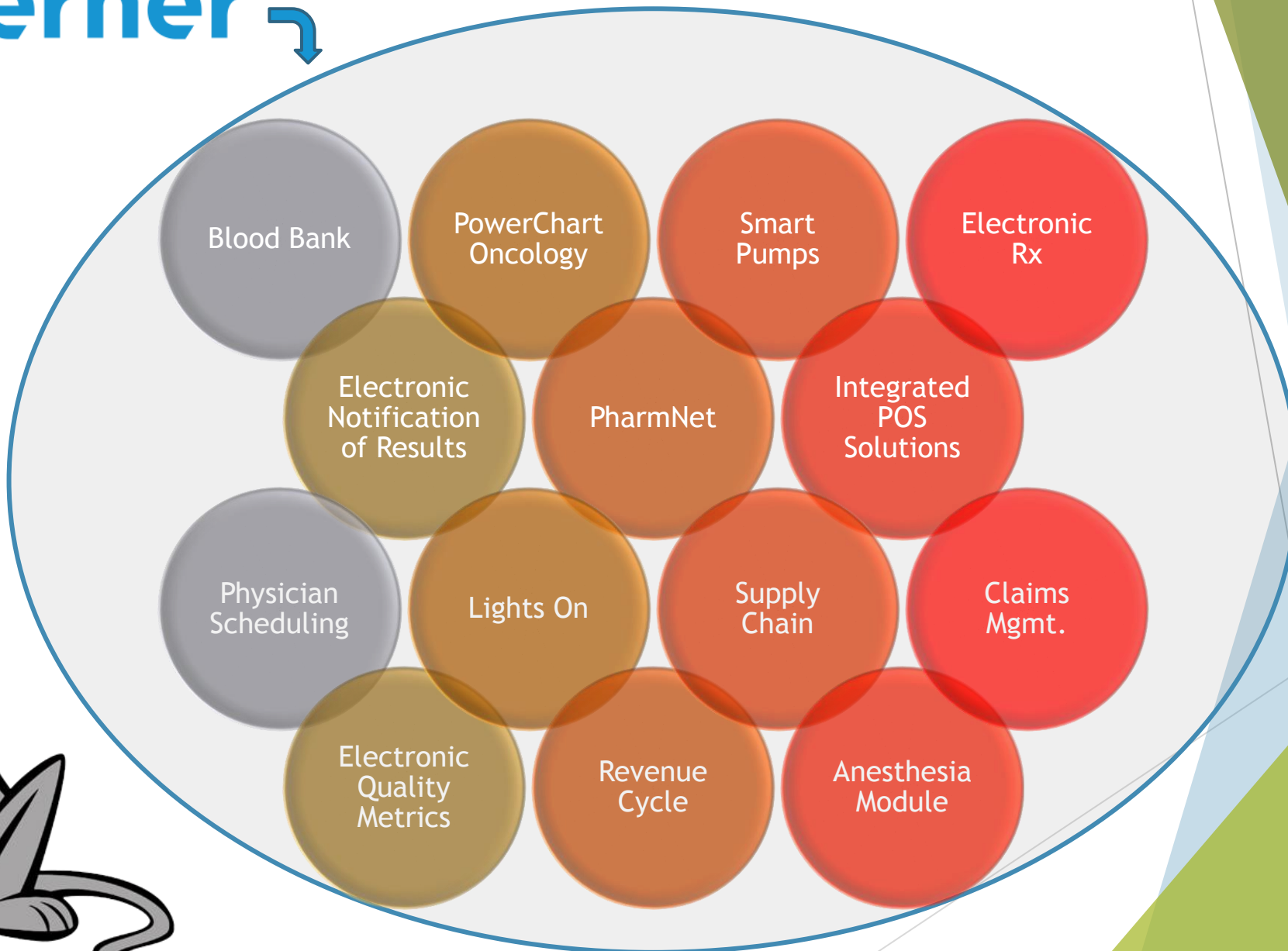


Where Are We Going?



- ▶ Infrastructure
 - ▶ Network Operations Center
 - ▶ Strong Wireless Foundation
 - ▶ Data Warehouse
 - ▶ Platform for Connectivity
- ▶ EHR
 - ▶ Integrates with Entire System of Care
 - ▶ Provides Clinical Decision Support
 - ▶ Provider & Patient Portals (Meaningful Use)
 - ▶ EDW Platform (PRIME & WPC Reporting)
 - ▶ Authorization & Referral Tracking
 - ▶ Back-End Connectivity (Revenue Cycle)





Blood Bank

PowerChart
Oncology

Smart
Pumps

Electronic
Rx

Electronic
Notification
of Results

PharmNet

Integrated
POS
Solutions

Physician
Scheduling

Lights On

Supply
Chain

Claims
Mgmt.

Electronic
Quality
Metrics

Revenue
Cycle

Anesthesia
Module

Cerner Application Management Services (AMS)

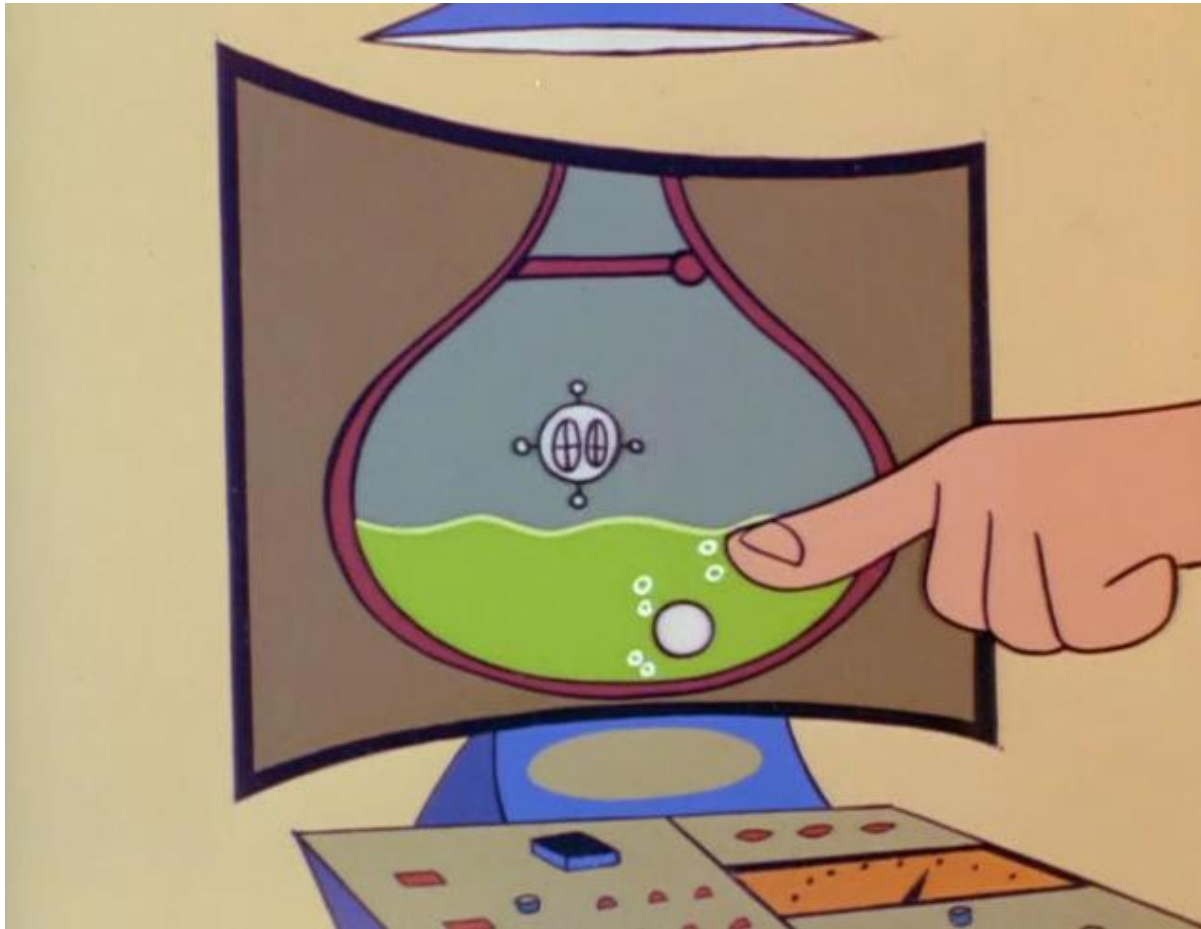
- ▶ A set of services & updates to ensure our software is available to users
- ▶ Includes:
 - ▶ Setup Security Profiles & User Accounts
 - ▶ Maintenance Activities
 - ▶ Second Level Application Support
 - ▶ Operations Management (Job Purge Management)
 - ▶ Help Desk Functionality
 - ▶ Custom Report Setup
 - ▶ mPage Requests
- ▶ Application Monitoring:
 - ▶ Interface Monitoring
 - ▶ Clinical Reporting
 - ▶ Job Monitoring
 - ▶ Remote Report Distribution Monitoring



Spacely
Sprockets

PACS

Picture Archiving & Communication System



PACS Solution (McKesson-Change Healthcare)

PACS & Powerscribe

- Upgrade to Current Version
- Upgrade Powerscribe (Speech Recognition)

Conserus

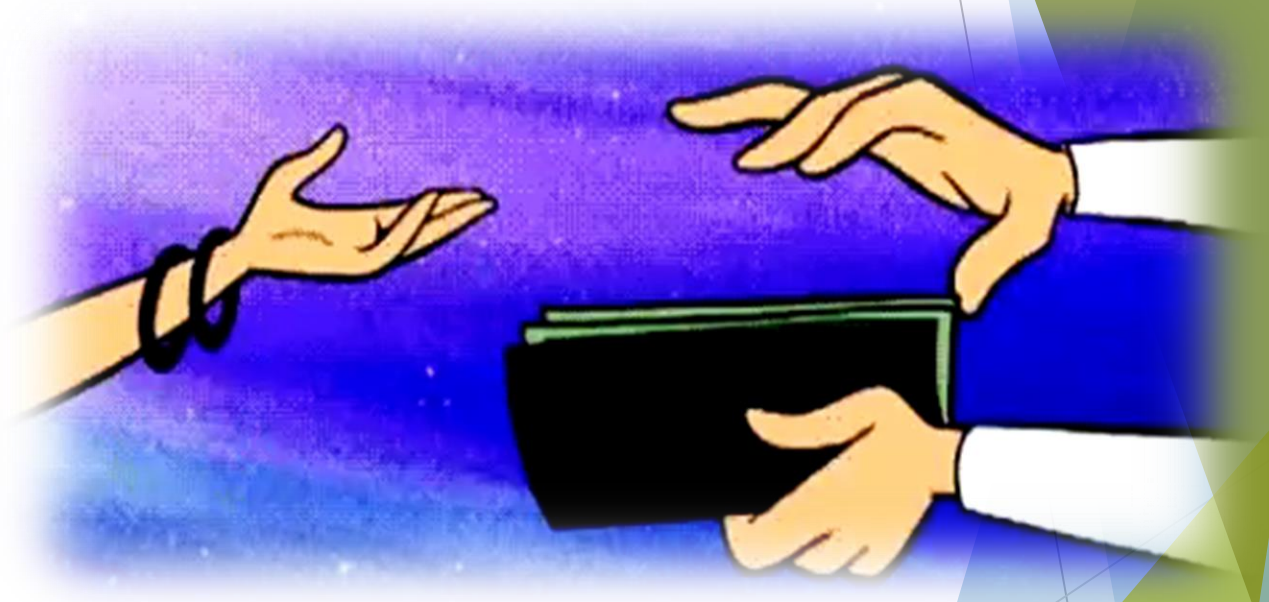
- Workflow Intelligence (Queues, Peer Review, Notifications)
- VNA (Vendor Neutral Archive for Scans & Photos)
- Enterprise Viewer (“Image-Enables” the EHR)

CPACS & EKG

- EKG Images and Tools
- Replaces Xcelera (Current EKG management solution)

Savings & Revenue

- ▶ Retiring Systems
- ▶ Efficient Workflows
 - ▶ Coordination of Care
 - ▶ Avoiding Redundancy; Lab/Imaging
 - ▶ Able To See “The Story”
 - ▶ Care Transitions/Placement
- ▶ Proper Level of Care Coding
- ▶ Supplies Tracking & Billing
- ▶ Adherence to Formulary
- ▶ Advanced Clinical Decision Support
- ▶ Streamlined Documentation
- ▶ Automatic Results Notification
- ▶ Maximize return on Waiver Programs & Incentive Programs



Implementation Timeline

	2017		2018												2019					
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Cerner	Sign				Kickoff															Go Live
PACS & Powerscribe	Sign				Go Live															
CPACS & EKG	Sign										Go Live									
Workflow Intelligence	Sign													Go Live						
Vendor Neutral Archive	Sign					Go Live														
Enterprise Viewer	Sign														Go Live					

Financing 2018

IBM Global

- \$10M Financed
- 36 Month Term
- 4.79% Average Rate

3 Loans

- \$5.217M Dec 2017
- \$3.671M Jun 2018
- \$1.112M Sep 2018

Cash Flow Calendar Year 2017

	2017	
	Dec	Total
Cerner	\$ 5,217,175	\$ 5,217,175
PACS	\$ 611,583	\$ 611,583
AMS	\$ 179,547	\$ 179,547
FTE's		\$ -
IBM Loan 1	\$ (5,217,175)	\$ (5,217,175)
IBM Loan 2		\$ -
IBM Loan 3		\$ -
Net	\$ 791,130	\$ 791,130

Cash Flow Calendar Year 2018

2018													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cerner						\$ 3,670,969			\$ 3,815,380			\$ 3,851,071	\$ 11,337,420
PACS			\$ 325,356	\$ 419,391	\$ 128,357				\$ 454,396	\$ 227,198		\$ 323,705	\$ 1,878,403
AMS													\$ -
FTE's			\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 2,375,000
Loan 1	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 1,870,464
Loan 2						\$ (3,670,969)	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ (3,012,913)
Loan 3									\$ (1,111,856)	\$ 33,219	\$ 33,219	\$ 33,219	\$ (1,012,199)
Net	\$ 155,872	\$ 155,872	\$ 718,728	\$ 812,763	\$ 521,729	\$ 393,372	\$ 503,048	\$ 503,048	\$ 3,660,968	\$ 763,465	\$ 536,267	\$ 4,711,043	\$ 13,436,175
												(Monthly Avg.)	\$ 1,119,681

Cash Flow Calendar Year 2019

2019													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cerner			\$ 443,143	\$ 33,482	\$ 33,482	\$ 670,107	\$ 33,482	\$ 33,482	\$ 670,107	\$ 33,482	\$ 33,482	\$ 685,107	\$ 2,669,356
PACS	\$ 41,709	\$ 20,855										\$ 325,749	\$ 388,313
AMS									\$ 199,498			\$ 199,498	\$ 398,996
FTE's	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 1,975,000
Loan 1	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 1,870,464
Loan 2	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 1,316,112
Loan 3	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 398,628
Net	\$ 577,976	\$ 557,122	\$ 979,410	\$ 569,749	\$ 569,749	\$ 1,206,374	\$ 569,749	\$ 394,749	\$ 1,230,872	\$ 394,749	\$ 394,749	\$ 1,571,621	\$ 9,016,869
												(Monthly Avg.)	\$ 751,406

Cash Flow Calendar Year 2020

2020													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cerner	\$ 33,482	\$ 33,482	\$ 715,107	\$ 33,482	\$ 33,482	\$ 715,107	\$ 33,482	\$ 33,482	\$ 715,107	\$ 33,482	\$ 33,482	\$ 716,629	\$ 3,129,806
PACS												\$ 327,895	\$ 327,895
AMS			\$ 199,498			\$ 199,498			\$ 199,498			\$ 199,498	\$ 797,992
FTE's	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 750,000
Loan 1	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 155,872	\$ 1,870,464
Loan 2	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 1,316,112
Loan 3	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 398,628
Net	\$ 394,749	\$ 394,749	\$ 1,275,872	\$ 394,749	\$ 394,749	\$ 1,275,872	\$ 394,749	\$ 394,749	\$ 1,275,872	\$ 394,749	\$ 394,749	\$ 1,605,289	\$ 8,590,897
												(Monthly Avg.)	\$ 715,908

Cash Flow Calendar Year 2021

2021													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cerner	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 3,134,372
PACS												\$ 330,148	\$ 330,148
AMS			\$ 199,498			\$ 199,498			\$ 199,498			\$ 199,498	\$ 797,992
FTE's	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 750,000
Loan 1													\$ -
Loan 2	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676	\$ 109,676							\$ 658,056
Loan 3	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219	\$ 33,219				\$ 298,971
Net	\$ 238,877	\$ 238,877	\$ 1,121,522	\$ 238,877	\$ 238,877	\$ 1,121,522	\$ 129,201	\$ 129,201	\$ 1,011,846	\$ 95,982	\$ 95,982	\$ 1,308,775	\$ 5,969,539
												(Monthly Avg.)	\$ 497,462

Cash Flow Calendar Year 2022

2022													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cerner	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 3,134,372
PACS												\$ 332,514	\$ 332,514
AMS			\$ 199,498			\$ 199,498			\$ 199,498			\$ 199,498	\$ 797,992
FTE's	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 750,000
Loan 1													\$ -
Loan 2													\$ -
Loan 3													\$ -
Net	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 1,311,141	\$ 5,014,878
												(Monthly Avg.)	\$ 417,907

Cash Flow Calendar Year 2023

2023													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cerner	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 3,134,372
PACS												\$ 334,999	\$ 334,999
AMS			\$ 199,498			\$ 199,498			\$ 199,498			\$ 199,498	\$ 797,992
FTE's	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 750,000
Loan 1													\$ -
Loan 2													\$ -
Loan 3													\$ -
Net	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 1,313,626	\$ 5,017,363
												(Monthly Avg.)	\$ 418,114

Cash Flow Calendar Year 2024

2024													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cerner	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 716,629	\$ 33,482	\$ 33,482	\$ 33,482	\$ 2,451,225
PACS												\$ 337,607	\$ 337,607
AMS			\$ 199,498			\$ 199,498			\$ 199,498			\$ 199,498	\$ 797,992
FTE's	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 750,000
Loan 1													\$ -
Loan 2													\$ -
Loan 3													\$ -
Net	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 978,627	\$ 95,982	\$ 95,982	\$ 633,087	\$ 4,336,824
												(Monthly Avg.)	\$ 361,402

Annual Cash Flow

	2017	2018	2019	2020	2021	2022	2023	2024
Cerner	\$ 5,217,175	\$ 11,337,420	\$ 2,669,356	\$ 3,129,806	\$ 3,134,372	\$ 3,134,372	\$ 3,134,372	\$ 2,451,225
PACS	\$ 611,583	\$ 1,878,402	\$ 388,312	\$ 327,895	\$ 330,148	\$ 332,514	\$ 334,999	\$ 337,607
AMS	\$ 179,547	\$ -	\$ 398,996	\$ 797,992	\$ 797,992	\$ 797,992	\$ 797,992	\$ 797,992
FTE's	\$ -	\$ 2,375,000	\$ 1,975,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
IBM Loan 1	\$ (5,217,175)	\$ 1,870,464	\$ 1,870,464	\$ 1,870,464	\$ -	\$ -	\$ -	\$ -
IBM Loan 2	\$ -	\$ (3,012,913)	\$ 1,316,112	\$ 1,316,112	\$ 658,056	\$ -	\$ -	\$ -
IBM Loan 3	\$ -	\$ (1,012,199)	\$ 398,628	\$ 398,628	\$ 298,971	\$ -	\$ -	\$ -
Net	\$ 791,130	\$ 13,436,174	\$ 9,016,868	\$ 8,590,897	\$ 5,969,539	\$ 5,014,878	\$ 5,017,363	\$ 4,336,824

The Future



The proposed agreement with Cerner is available to review in the Administrative Office at Kern Medical.

Kern Medical
1700 Mt. Vernon Avenue
Bakersfield, CA 93306
661-326-2102

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

November 15, 2017

Subject: Proposed Lease/Purchase Agreement and Supplements with IBM Credit, LLC

Recommended Action: Approve; Authorize Chairman to sign

Summary:

The proposed Lease/Purchase Agreement and Supplements with IBM Credit, LLC, an independent contractor, for financing of software and services in conjunction with the Cerner Electronic Medical Record core system, including related necessary transaction services, as well as the Cerner Population Health system .

The proposed Lease/Purchase Agreement and Supplements are effective November 15, 2017 through November 14, 2020, in an amount not to exceed \$5,565,720.

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

In the matter of:

Resolution No. _____

**FINANCING THE PURCHASE OF
SOFTWARE AND EQUIPMENT FOR
IMPLEMENTATION OF THE CERNER
ELECTRONIC HEALTH RECORD**

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 15th day of November, 2017, 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 (“Hospital Authority”) has the power to purchase supplies, equipment, materials, property, and services, and the power to enter into contracts, pursuant to Chapter 5.5 (commencing with Section 101852) of Part 4 of Division 101 of the Health and Safety Code; and

(b) The Hospital Authority has entered into an agreement with Cerner Corporation to orchestrate the implementation of the Cerner electronic health record, which requires the purchase of software and equipment; and

(c) IBM Credit LLC has agreed to finance the lease/purchase of this software and equipment.

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 finds the best interests of the Hospital Authority shall be served by entering into the lease/purchase agreement with IBM Credit LLC for the financing of the software and equipment.

3. This Board hereby approves and authorizes the execution by Russell E. Bigler, Chairman, Kern County Hospital Authority Board of Governors, and delivery of the IBM Credit LLC Lease/Purchase Supplement No. 042635 to Lease/Purchase Master Agreement No. 063811350G between IBM Credit LLC and the Hospital Authority and any related documents pursuant to the Lease/Purchase Master Agreement.

4. The provisions of this Resolution shall be effective, in force and operative as of the 15th day of November, 2017.

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

Kern Medical Center
Legal Services Department
IBM Credit LLC

**IBM Credit LLC
Lease/Purchase Supplement**

Supplement No: 042635

Page 1 of 2

Lease/Purchase Master Agreement No.: 063811350G

Lessee Name and Address:
Kern County Hospital Authority
1700 MOUNT VERNON AVE
BAKERSFIELD CA 93306-4018

Lessor Name and Address:
IBM Credit LLC
7100 Highlands Parkway
Smyrna, GA 30082
igfnadoc@us.ibm.com

This Supplement to the above referenced Lease/Purchase Master Agreement ("Agreement") is executed between Kern County Hospital Authority ("Lessee") and IBM Credit LLC ("Lessor").

Payment Period means the period for which a Payment is due and payable (e.g., Month, Quarter). Payment Period is: Quarterly

Quote Validity Date is the date by which the executed Supplement must be returned to Lessor. Quote Validity Date is: November 30, 2017

Supplier: CERNER CORP

TAX-EXEMPT FINANCING TRANSACTION(S)						
Ref No.	Qty.	Property Description	Original Term (months)	Amount Financed (\$)	Interest Rate (%)	Planned Commencement Month
2	1	XSV2 OEM OEM SERVICES	36	4,570,320.00	4.79	November 2017
3	1	XSW1 OEM OEM SOFTWARE	36	646,855.00	4.79	November 2017
TOTALS				5,217,175.00		

SPECIAL TERMS AND CONDITIONS:

The following shall apply to this entire transaction.

- For equipment, software and services not supplied by IBM, Lessor may pay fees to the supplier and/or other third-party firms for administrative services provided in connection with the transaction contemplated under this Agreement. Details are available upon request.
- The parties agree that (i) any modifications to the terms and conditions contained herein are null and void unless specifically agreed in writing by both parties and (ii) this Supplement must be fully executed and received by Lessor by the Quote Validity Date listed above.

ADDITIONAL TERMS AND CONDITIONS:

"Planned Commencement Month" means for the Financing Transaction to commence, the acceptance date on the Certificate of Acceptance must be prior to the end of the month of "Planned Commencement Month" indicated above unless otherwise approved by Lessor.

The Lease Payment Schedule for this Supplement sets forth the scheduled Lease Payments under this Supplement. The Commencement Date for this Supplement is set forth in the Lease Payment Schedule.

With respect to Financed Items consisting of prepaid maintenance, Lessee accepts the terms of the prepaid maintenance and agrees to look solely to the maintenance provider for provision of such maintenance in accordance with the terms of the contracts with the maintenance provider for said maintenance. Acceptance for purposes of a Supplement shall be the date of acceptance by Lessee in the Certificate of Acceptance.

Lessee agrees that it will timely complete, execute and file the Internal Revenue Service Form 8038-G or Form 8038-GC with the appropriate office of the Internal Revenue Service. Property contained in a Transaction is either Tax-Exempt, whereas the Property qualifies for tax-exempt interest treatment under the Code, or Taxable, whereas the Property does not qualify for tax exempt interest treatment under the Code. The interest rates applicable to this Supplement that provide for Tax-Exempt Lease/Purchase are based on many factors including Lessee's underlying obligation qualifying to pay interest that is treated as exempt by the Internal Revenue Service (IRS) from federal income tax under Section 103(a) of the Internal Revenue Code (Code), as well as many proprietary factors including pricing assumptions made by Lessor as to whether Lessor anticipates being able to recognize any benefits of this tax exemption. Lessee shall pay Lessor, on demand, a sum to be determined by Lessor, that will return to Lessor the economic results Lessor would otherwise have received if: (i) Lessee does not file the above IRS form on a timely basis; or (ii) IRS rules Lessee does not qualify under Section 103(a) of the Code.

**IBM Credit LLC
Lease/Purchase Supplement**

Supplement No: 042635

Page 2 of 2

The interest rates applicable to a Supplement may reflect fees or other consideration Lessor receives from Lessee's Suppliers that is passed on to Lessee in the form of lower rates.

For a Taxable Financing Transactions, the following provisions of the Lease/Purchase Master Agreement shall not be applicable: (i) Part 3, paragraph (f), (ii) Section entitled Arbitrage Certifications.

Lessor reserves the right to reject any invoice that is: (i) not for information technology Equipment or related software or services, or (ii) dated more than 90 days prior to the date Lessor receives authorization from Lessee to finance.

Capitalized terms set forth in this Supplement or in the attachments, but not defined herein or therein, shall have the meaning set forth in the Lease/Purchase Master Agreement. The complete terms and conditions of the Lease/Purchase Master Agreement are incorporated by reference.

Section entitled "Waiver of Jury Trials" under this Agreement is deleted in its entirety.

In addition to a Supplement, and as a requirement to entering into of Lease/Purchase Supplement, Lessee shall provide in completed and executed form, acceptable to Lessor, the additional documents attached to this Supplement that may include:

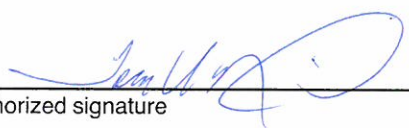
(a) Payment Schedule for a Supplement, (b) Opinion of Counsel to the Lessee, (c) Lessee's Certificate, (d) Certificate of Acceptance, (e) State Addendum, if applicable and attached, (f) for Tax-Exempt Financed Items (i) Form 8038-G or 8038-GC (to be filed with Internal Revenue Service by Lessee), (ii) Prepaid Maintenance Certification of Maintenance Provider and (iii) Prepaid Maintenance Certification of Maintenance Vendor.

The Agreement referenced above shall be incorporated herein by reference. Lessee hereunder shall be bound to the terms and conditions of the Agreement as Lessee. The Agreement, this Supplement and any applicable attachments or addenda are the complete, exclusive statement of the parties with respect to the subject matter herein. These documents supersede any prior oral or written communications between the parties. By signing below, Lessee represents and warrants that Lessee's name as set forth in the signature block below is Lessee's exact legal name and the information identifying Lessee's state of organization is true, accurate and complete in all respects. By signing below, both parties agree to the terms represented by this Agreement as it may be amended or modified. Delivery of an executed copy of any of these documents by facsimile or other reliable means shall be deemed to be as effective for all purposes as delivery of a manually executed copy. Lessee acknowledges that we may maintain a copy of these documents in electronic form and agrees that copy reproduced from such electronic form or by any other reliable means (for example, photocopy, image or facsimile) shall in all respects be considered equivalent to an original.

Agreed to:
Kern County Hospital Authority

Agreed to:
IBM Credit LLC

By: _____
Authorized signature

By: 
Authorized signature

Name (type or print): Russell E. Bigler

Name (type or print): TOM H. MIURA

Title (type or print): Chairman, Board of Governors

Title (type or print): FINANCIAL SALES EXECUTIVE

Date: November 15, 2017

Date: NOVEMBER 9, 2017

IBM Credit LLC
Certificate of Acceptance

Lessee/Borrower Name ("Client") and Address:

Kern County Hospital Authority
 1700 MOUNT VERNON AVE
 BAKERSFIELD CA 93306-4018

Lessor Name and Address:

IBM Credit LLC
 7100 Highlands Parkway
 Smyrna, GA 30082
 igfnadoc@us.ibm.com

The Client certifies and agrees that the information contained in the following table(s) is correct and relates to item(s) leased or financed under the terms and conditions of the above referenced Schedule/Agreement with IBM Credit LLC.

Client Reference:

Payment Period: Quarterly

Payment Type: Advance

TAX-EXEMPT FINANCING TRANSACTION(S)		
Qty.	Property Description	Original Term (months)
1	XSV2 OEM OEM SERVICES	36
1	XSW1 OEM OEM SOFTWARE	36

Client represents and certifies that the item(s) listed in the above table(s) are in compliance with Client's specifications ("Accepted Item(s)"). Client hereby accepts the Accepted Item(s) listed in the above table(s) on the Acceptance Date and authorizes IBM Credit LLC to make payments to the Supplier(s) for the Supplier's invoice(s) for the Accepted Item(s) and to commence the leasing or financing of these Accepted Item(s) under the Schedule/Agreement.

Since this Certificate of Acceptance ("COA") is being issued prior to Lessor's receipt of an invoice, Lessor, upon its receipt of this COA duly executed by Lessee and the Supplier's invoice, will either issue i) a confirmation document in order to confirm Lessor's acceptance of the COA or ii) an updated COA which requires Lessee's signature in order to confirm any changes. In order for IBM Credit LLC to make payment to your listed Suppliers, all Equipment must include serial number information. Accordingly, Client hereby authorizes IBM Credit LLC to complete or update any manufacturer serial number information for any Accepted Item(s) accepted, without Client's further action or consent.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement referenced in the Schedule listed above.

This COA may be sent to Client by IBM Credit LLC in soft copy format, such as a PDF file. Client represents and warrants that no changes have been made to the text of this COA, except for IBM Credit LLC authorized alterations to the Product Description (including without limitation, changes to any other information listed on the product information tables herein). If there are any conflicts between the version delivered by IBM Credit LLC to Client and the version delivered by Client to IBM Credit LLC, or if the Supplier's invoice does not match the information listed on the COA, IBM Credit LLC reserves the right not to incept the transaction and to send a replacement COA to Client. Any copy of this COA made by reliable means (for example photocopy, image or facsimile) shall in all respects be considered equivalent to an original.

IBM Credit LLC
Certificate of Acceptance

For the purposes of the transaction commencement provisions specified in the Agreement referenced in the Schedule listed above, Client hereby represents, warrants and certifies that as of the following date, Client has accepted the Accepted Item(s) listed in the product information tables herein:

11/15/2017 (MM/DD/YYYY) ("Acceptance Date" for Accepted Item(s))

Agreed to:
Kern County Hospital Authority

By: _____
Authorized signature

Russell E. Bigler

Name (type or print):

Chairman, Board of Governors

Title (type or print):

Client shall return this executed COA to IBM Credit LLC by mail, in an email, or by facsimile within ten (10) days of Acceptance Date.

LESSEE'S CERTIFICATE

Re: Lease/Purchase Supplement No. 042635 to Lease/Purchase Master Agreement No. 063811350G between IBM Credit LLC and Kern County Hospital Authority ("Lessee").

The undersigned (person signing at the bottom of this document), being the duly qualified and acting representative of the Lessee with the title indicated at the bottom of this document does hereby certify, as of the date executed, as follows:

1. Lessee did, by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Lease/Purchase Supplement and any related documents entered into pursuant to the Lease/Purchase Master Agreement (the "Lease/Purchase Supplement") by the following named representative of Lessee, to wit:

NAME OF EXECUTING OFFICIAL(S) AUTHORIZED TO SIGN ANY LEASE/PURCHASE SUPPLEMENT DOCUMENTS (incl. CERT of ACCEPTANCE) <small>NOTE: THE PERSON SIGNING AT THE BOTTOM OF THIS DOCUMENT SHOULD NOT BE LISTED IN THIS TABLE</small>	TITLE OF EXECUTING OFFICIAL(S)	SIGNATURE OF EXECUTING OFFICIAL(S)
Russell E. Bigler	Chairman, Board of Governors	
And/Or		
And/Or		
And/Or		
And/Or		

2. The above-named representative(s) of the Lessee held at the time of such authorization and holds at the present time the office set forth above.

3. Any meeting(s) of the governing body of the Lessee which were required for the Lease/Purchase Supplement to be approved and authorized to be executed, were duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Lease/Purchase Supplement and authorizing the execution thereof has not been altered or rescinded. All meetings of the governing body of Lessee relating to the authorization and delivery of the Lease/Purchase Supplement have been: (a) held within the geographic boundaries of the Lessee; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body; and (d) conducted in accordance with the charter of the Lessee, if any, and the laws of the State. The meeting of the governing body of the Lessee at which the Lease/Purchase Supplement was approved and authorized to be executed was held on 11/15/17 [Lessee must enter the meeting date or "n/a"].

4. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default or a Non-appropriation Event (as such terms are defined in the Lease/Purchase Master Agreement (the "Master Agreement")) exists at the date hereof with respect to this Lease/Purchase Supplement or any other Lease/Purchase Supplements under the Master Agreement.

5. The acquisition of all of the Property under the Lease/Purchase Supplement has been duly authorized by the governing body of Lessee.

6. Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Lease Payments scheduled to come due during the current budget year under the Lease/Purchase Supplement and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

7. Lessee represents and warrants that the Property is essential to the proper, efficient and economic functioning of Lessee or to the services that Lessee provides; and Lessee has immediate need for and expects to make immediate use of substantially all of the Property, which need is not temporary or expected to diminish in the foreseeable future.

8. Bank Qualified Tax-Exempt Obligation under Section 265 (Consult tax counsel for applicable provisions.)
[Lessee must select one option below.]

Lessee hereby designates this Lease/Purchase Supplement as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. Lessee reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of the Lessee) during the calendar year in which the Commencement Date of this Lease/Purchase Supplement falls, in an amount not exceeding \$10,000,000.

or

Not applicable

LESSEE'S CERTIFICATE

9. Has Lessee ever terminated a lease or financing contract prior to the expiration of its term (including all permitted renewal terms) due to nonappropriation or other provision permitting Lessee to terminate in Lessee's discretion?

[Lessee must select one option below.]

Yes No . If yes, then please describe the circumstances of such termination:

10. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Lease/Purchase Supplement or of other agreements similar to the Master Agreement; (b) questioning the authority of Lessee to execute the Master Agreement or the Lease/Purchase Supplement, or the validity of the Master Agreement or the Lease/Purchase Supplement, or the payment of principal or interest on, the Lease/Purchase Supplement; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Lease/Purchase Supplement; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Lease/Purchase Supplement.

Lessee: Kern County Hospital Authority

**By (Signature): _____

*PRINTED NAME: Russell V. Judd

*TITLE: Chief Executive Officer

*DATE: November 15, 2017

****SIGNER MUST NOT BE THE SAME AS THE EXECUTING OFFICIAL(S) SHOWN IN THE TABLE ABOVE. (I.E. SIGNER MUST NOT BE THE SAME PERSON WHO SIGNED THE LEASE/PURCHASE SUPPLEMENT DOCUMENTS)**

A SELECTION OR RESPONSE MUST BE MADE IN REGARDS TO STATEMENTS 3, 8 & 9.

***ALL FIELDS ARE REQUIRED TO BE COMPLETED.**

IBM Credit LLC Lease Payment Schedule

Lessee Name: Kern County Hospital Authority

Lease/Purchase Supplement No: 042635

Commencement Date

The Commencement Date shall be the date of acceptance of the Property as set forth in the Acceptance Certificate executed by the Lessee and filed with the Lessor. The Lease Payment Due Dates listed below are based on the date of acceptance being a date on or before the end of the Planned Commencement Month.

Lease Payment Schedule

Total Principal Amount: \$5,217,175.00

Interest Rate for Schedule: 4.79%

Payment No.	Lease Payment Due Dates	Lease Payments (\$)	Principal Component (\$)	Interest Component (\$)	Prepayment Price (After Making Payment for Said Due Date) (\$)
1	12/01/2017	463,809.99	463,809.99	0.00	4,753,365.01
	1/01/2018	0.00		18,911.43	4,772,276.44
	2/01/2018	0.00		18,986.66	4,791,263.10
2	3/01/2018	463,809.99	406,849.70	19,062.20	4,346,515.31
	4/01/2018	0.00		17,292.75	4,363,808.06
	5/01/2018	0.00		17,361.55	4,381,169.61
3	6/01/2018	463,809.99	411,725.06	17,430.63	3,934,790.25
	7/01/2018	0.00		15,654.70	3,950,444.95
	8/01/2018	0.00		15,716.98	3,966,161.93
4	9/01/2018	463,809.99	416,658.80	15,779.51	3,518,131.45
	10/01/2018	0.00		13,997.01	3,532,128.46
	11/01/2018	0.00		14,052.69	3,546,181.15
5	12/01/2018	463,809.99	421,651.69	14,108.60	3,096,479.76
	1/01/2019	0.00		12,319.45	3,108,799.21
	2/01/2019	0.00		12,368.46	3,121,167.67
6	3/01/2019	463,809.99	426,704.41	12,417.67	2,669,775.35
	4/01/2019	0.00		10,621.79	2,680,397.14
	5/01/2019	0.00		10,664.05	2,691,061.19
7	6/01/2019	463,809.99	431,817.67	10,706.48	2,237,957.68
	7/01/2019	0.00		8,903.79	2,246,861.47
	8/01/2019	0.00		8,939.21	2,255,800.68
8	9/01/2019	463,809.99	436,992.21	8,974.78	1,800,965.47
	10/01/2019	0.00		7,165.20	1,808,130.67
	11/01/2019	0.00		7,193.71	1,815,324.38
9	12/01/2019	463,809.99	442,228.75	7,222.33	1,358,736.72
	1/01/2020	0.00		5,405.78	1,364,142.50
	2/01/2020	0.00		5,427.29	1,369,569.79
10	3/01/2020	463,809.99	447,528.04	5,448.88	911,208.68
	4/01/2020	0.00		3,625.27	914,833.95
	5/01/2020	0.00		3,639.70	918,473.65
11	6/01/2020	463,809.99	452,890.84	3,654.18	458,317.84
	7/01/2020	0.00		1,823.43	460,141.27
	8/01/2020	0.00		1,830.69	461,971.96
12	9/01/2020	463,809.99	458,317.84	1,838.03	0.00
	10/01/2020	0.00		0.00	0.00

IBM Credit LLC Lease Payment Schedule

Lessee Name: Kern County Hospital Authority

Lease/Purchase Supplement No: 042635

Payment No.	Lease Payment Due Dates	Lease Payments (\$)	Principal Component (\$)	Interest Component (\$)	Prepayment Price (After Making Payment for Said Due Date) (\$)
	11/01/2020	0.00		0.00	0.00
Totals:		5,565,719.88	5,217,175.00	348,544.88	

**IBM Credit LLC
Lease Payment Schedule**

Lessee Name: Kern County Hospital Authority

Lease/Purchase Supplement No: 042635

QTY	Product Description	Serial No. / Alteration Reference No.	Principal Amt (\$)
1	XSV2 OEM OEM SERVICES		4,570,320.00
1	XSW1 OEM OEM SOFTWARE		646,855.00
Totals:			5,217,175.00

Lessee: Kern County Hospital Authority

By: _____
Authorized signature

Name (type or print): **Russell E. Bigler**
Title (type or print): **Chairman, Board of Governors**

Date:



November 10, 2017

Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306-4018

IBM Credit LLC
7100 Highlands Parkway
Smyrna, GA 30082

RE: Lease/Purchase Supplement to Lease/Purchase Master Agreement between IBM Credit LLC and Kern County Hospital Authority.

Ladies and Gentlemen:

We have acted as special counsel to Kern County Hospital Authority ("Lessee"), in connection with the Lease/Purchase Master Agreement No. 063811350G (the "Master Agreement"), between Kern County Hospital Authority, as lessee, and IBM Credit LLC, as lessor ("Lessor"), and the execution of Lease/Purchase Supplement No 042635 (the "Lease/Purchase Supplement") pursuant to the Master Agreement. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

All capitalized terms not otherwise defined herein shall have the meanings provided in the Master Agreement and Lease/Purchase Supplement.

As to questions of fact material to our opinion, we have relied upon the representations of Lessee in the Master Agreement and the Lease/Purchase Supplement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. Lessee is a public body corporate and politic, duly organized and existing under the laws of the State, and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) the police power.
2. Lessee has all requisite power and authority to enter into the Master Agreement and the Lease/Purchase Supplement and to perform its obligations thereunder.
3. The execution, delivery and performance of the Master Agreement and the Lease/Purchase Supplement by Lessee has been duly authorized by all necessary action on the part of Lessee.

4. All proceedings of Lessee and its governing body relating to the authorization and approval of the Master Agreement and the Lease/Purchase Supplement, the execution thereof and the transactions contemplated thereby have been conducted in accordance with all applicable open meeting laws and all other applicable state and federal laws.

5. Lessee has acquired or has arranged for the acquisition of the Property subject to the Lease/Purchase Supplement, and has entered into the Master Agreement and the Lease/Purchase Supplement, in compliance with all applicable public bidding laws.

6. Lessee has obtained all consents and approvals of other governmental authorities or agencies which may be required for the execution, delivery and performance by Lessee of the Master Agreement and the Lease/Purchase Supplement.

7. The Master Agreement and the Lease/Purchase Supplement have been duly executed and delivered by Lessee and constitute legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with the terms thereof, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other laws of equitable principles of general application, or of application to municipalities or political subdivisions such as the Lessee, affecting remedies or creditors' rights generally, and to the exercise of judicial discretion in appropriate cases.

8. As of the date hereof, based on such inquiry and investigation as we have deemed sufficient, no litigation is pending, (or, to our knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Lease/Purchase Supplement or of other agreements similar to the Master Agreement; (b) questioning the authority of Lessee to execute the Master Agreement or the Lease/Purchase Supplement, or the validity of the Master Agreement or the Lease/Purchase Supplement, or the payment of principal of or interest on, the Lease/Purchase Supplement; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Lease/Purchase Supplement; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Lease/Purchase Supplement.

9. The Lessee is a political subdivision within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended, and the related regulations and rulings thereunder and the portion of payments identified as the interest component of the rents (as set forth in the payment schedule attached to the Lease/Purchase Supplement) will not be includable in Federal gross income of the recipient under the statutes, regulations, court decisions and rulings existing on the date hereof and consequently will be exempt from Federal income taxes.

This opinion may be relied upon by Lessor, its successors and assigns, and any other legal counsel who provides an opinion with respect to the Lease/Purchase Supplement.

Very truly yours,

By: 

Dated: 11/10/17

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

November 15, 2017

Subject: Proposed Agreements with McKesson Corporation for Imaging Software and Hardware

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the McKesson Imaging & Workflow Solutions agreements to provide imaging archival software and hardware in a hosted environment. The following agreements are requested for approval:

- P201710019602 Maintenance Agreement Extension
- IWS-249089 Enterprise Viewer, Vendor Neutral Archive, Test Server
- IWS-249098 Workflow Intelligence (Queue Management, Peer Review, Critical Results)
- IWS-248055 Cardiac PACS, EKG
- IWS-166248 PACS, Powerscribe Update

The total cost of each 7-year agreement is:

- Maintenance Agreement: Built into Product Schedules Below
- Enterprise Viewer, VNA: \$1,198,662
- Workflow Intelligence: \$405,317
- Cardiac PACS, EKG: \$1,735,604
- PACS, Powerscribe \$1,201,877

- Total Not to Exceed: \$4,541,460

Counsel is unable to approve Agreement IWS-166248 as to form due to non-standard terms which include non-negotiable language from a third-party vendor, Nuance, which includes an early termination fee in the amount of any unpaid balance on the contract, no non-appropriation language, confidentiality language, and automatic agreement renewal.

The proposed agreement with McKesson is available to review in the
Administrative Office at Kern Medical.

Kern Medical
1700 Mt. Vernon Avenue
Bakersfield, CA 93306
661-326-2102

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

November 15, 2017

Subject: Budget Variances for Operating Expenses – September 2017

Recommended Action: Receive and File

Summary:

For September 2017, most operating expenses and statistics remain fairly well in line with budgeted expectations. Total operating expenses have an unfavorable budget variance on a month to date basis, but a favorable variance on a year to date basis. The following items have budget variances for the month of September 2017:

Gross Operating Revenue:

- Gross operating revenue for the month of September 2017 has a \$1.5M favorable variance. Gross revenue has steadily increased over the past two years due to improved efficiency in all aspects of revenue cycle management. Gross revenue has increased 10% over September 2016 and 20% since September 2015.

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.

Benefits:

- Benefits expense has a favorable budget variance for the month of September 2017 and on a year to date basis due mainly to compensated absences for physicians and residents being budgeted disproportionately higher during the first quarter of FY 2018, rather than being spread more proportionately throughout the year. Benefits expense should stabilize on a year to date basis as Kern Medical progresses through the year.

Registry Nurses:

- 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.

Other Professional Fees:

- Other professional fees have a favorable budget variance for the month of September mainly due to a large reduction in the monthly accrual for legal expenses. Now that Kern Medical has its own legal department, County Counsel fees are no longer accrued for each month. The legal fees accrual was also reduced for the law firms of Hall, Hieatt, & Connely, Liebert & Cassidy, and Foley & Larder. Kern Medical also has not been accruing monthly Clinica Sierra Vista expense, pending contract negotiations.

Supplies:

- Supplies expenses are over budget, both month to date and year to date. For September, supplies are mainly due to higher than average costs for minor equipment, computer software, food costs, and miscellaneous medical supplies. On a year-to-date basis, pharmaceutical expenses have been the main item driving total supplies expenses over budget. Also on a year-to-date basis, office supplies expense has been higher than average due to the opening of new clinic space and new administrative office space.

Purchased Services:

- Purchased services has an unfavorable budget variance for the month of September 2017 and on a year to date basis due in large part to extensive computer system infrastructure work currently being performed throughout the hospital and clinics.

Other Expenses:

- Other expenses have an unfavorable budget variance for the month of September 2017 due to repairs and maintenance expenses for miscellaneous maintenance projects throughout the hospital and clinics. There were also higher than average utilities costs contributing to the variance.



**BOARD OF GOVERNORS' FINANCIAL REPORT
KERN MEDICAL – SEPTEMBER 2017**

NOVEMBER 2017

3-Month Trend Analysis: Revenue & Expense

September 30, 2017

	JULY	AUGUST	SEPTEMBER	BUDGET SEPTEMBER	VARIANCE POS (NEG)	PY SEPTEMBER
Gross Patient Revenue	\$ 73,121,331	\$ 75,404,707	\$ 71,535,699	\$ 70,017,922	2.2%	\$ 64,820,835
Contractual Deductions	(53,850,296)	(57,664,945)	(52,572,690)	(53,108,135)	(1.0%)	\$ (47,451,197)
Net Revenue	19,271,035	17,739,762	18,963,009	16,909,786	12%	17,369,639
Indigent Funding	8,967,443	8,967,443	8,678,171	9,339,464	(7%)	8,523,756
Correctional Medicine	1,976,127	1,976,127	1,976,127	1,937,469	2%	1,889,312
County Contribution	285,211	285,211	285,211	287,671	(1%)	285,211
Net Patient Revenue	30,499,816	28,968,543	29,902,518	28,474,390	5.0%	28,067,917
Other Operating Revenue	1,078,715	1,037,502	944,530	978,393	(3%)	959,735
Other Non-Operating Revenue	59,203	111,454	71,694	86,016	(17%)	14,149
Total Operating Revenue	31,637,734	30,117,498	30,918,742	29,538,800	2%	29,041,802
Expenses						
Salaries	12,653,598	12,214,731	12,456,249	11,965,712	4%	10,799,781
Employee Benefits	6,727,715	3,391,756	5,444,787	5,890,993	(8%)	5,582,392
Contract Labor	1,152,349	1,134,330	1,153,284	881,365	31%	875,941
Medical Fees	1,455,698	881,424	1,309,334	1,382,213	(5%)	1,399,356
Other Professional Fees	1,759,127	1,561,068	1,419,793	1,721,448	(18%)	1,865,194
Supplies	4,036,138	4,460,482	4,228,116	4,070,862	4%	3,532,282
Purchased Services	1,867,291	1,941,665	2,005,072	1,519,141	32%	1,828,898
Other Expenses	1,303,715	1,557,614	1,823,253	1,289,657	41%	1,742,172
Operating Expenses	30,955,631	27,143,069	29,839,888	28,721,391	4%	27,626,016
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	682,103	2,974,429	1,078,854	817,409	32%	1,415,786
EBIDA Margin	2%	10%	3%	3%	26%	5%
Interest	19,168	19,290	19,344	38,461	(50%)	18,550
Depreciation	513,275	513,144	615,097	467,141	32%	411,441
Amortization	23,488	23,488	33,611	24,510	37%	62,543
Total Expenses	31,511,563	27,698,991	30,507,940	29,251,503	4%	28,118,550
Operating Gain (Loss)	126,171	2,418,507	410,802	287,296	43%	923,252
Operating Margin	0.4%	8.0%	1.3%	1.0%	37%	3%

Year to Date: Revenue & Expense

September 30, 2017

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 220,061,737	\$ 213,096,675	3.3%	\$ 198,157,763	11%
Contractual Deductions	(164,087,932)	(161,712,696)	1.5%	\$ (146,475,610)	12%
Net Revenue	55,973,805	51,383,979	9%	51,682,153	
Indigent Funding	26,613,057	28,641,022	(7%)	21,424,558	24%
Correctional Medicine	5,928,381	5,941,571	(0%)	5,917,195	0%
County Contribution	855,633	882,192	(3%)	866,572	(1%)
Net Patient Revenue	89,370,877	86,848,764	3%	81,589,109	10%
Other Operating Revenue	3,060,746	3,000,406	2%	2,893,451	6%
Other Non-Operating Revenue	242,351	263,783	(8%)	210,178	15%
Total Operating Revenue	92,673,974	90,112,953	3%	84,692,737	9%
Expenses					
Salaries	37,324,578	36,541,989	2%	33,537,654	11%
Employee Benefits	15,564,258	18,282,591	(15%)	15,577,762	(0%)
Contract Labor	3,439,963	2,682,263	28%	2,506,202	37%
Medical Fees	3,646,456	4,205,236	(13%)	4,089,952	(11%)
Other Professional Fees	4,739,988	5,279,107	(10%)	5,234,205	(9%)
Supplies	12,724,736	12,380,132	3%	11,458,362	11%
Purchased Services	5,814,028	4,658,700	25%	4,064,896	43%
Other Expenses	4,684,581	3,954,000	18%	4,780,850	(2%)
Operating Expenses	87,938,588	87,984,017	(0%)	81,249,883	8%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	4,735,386	2,128,936	122%	3,442,854	38%
EBIDA Margin	5%	2%	116%	4%	26%
Interest	57,802	117,949	(51%)	56,887	1.6%
Depreciation	1,641,516	1,432,566	15%	1,325,877	24%
Amortization	80,587	75,164	7%	102,087	(21%)
Total Expenses	89,718,494	89,609,695	0%	82,734,733	8%
Operating Gain (Loss)	2,955,480	503,258	487%	1,958,004	51%
Operating Margin	3.2%	0.6%	471%	2%	38%

3-Month Trend Analysis: Cash Indicators

September 30, 2017

		JULY	AUGUST	SEPTEMBER	BUDGET SEPTEMBER	VARIANCE POS (NEG)	PY SEPTEMBER
CASH							
	Total Cash	49,391,658	16,869,967	33,511,276	27,161,477	23%	44,971,023
	Days Cash On Hand	49	19	35	29	19%	50
	Days In A/R - Gross	89.4	85.4	87.5	76.0	15%	94.04
	Patient Cash Collections	\$ 14,305,965	\$ 22,195,511	\$ 20,743,356	N/A	N/A	\$ 13,764,745
	Patient Cash Goal	\$ 17,943,467	\$ 17,634,025	\$ 16,847,034	N/A	N/A	\$ 17,211,307
	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

September 30, 2017

					BUDGET	VARIANCE	PY
		JULY	AUGUST	SEPTEMBER	SEPTEMBER	POS (NEG)	SEPTEMBER
Operating Metrics							
Total Expense per Adjusted Admission		21,336	17,673	19,897	18,762	6%	17,410
Total Expense per Adjusted Patient Day		4,178	3,383	4,067	3,714	10%	3,898
Supply Expense per Adjusted Admission		2,733	2,846	2,758	2,611	5.6%	2,187
Supply Expense per Surgery		1,526	1,329	1,518	1,734	(12%)	1,430
Supplies as % of Net Patient Revenue		13%	15%	14%	14%	(1%)	13%
Pharmaceutical Cost per Adjusted Admission		1,219	1,218	993	1,073	(7%)	963
Net Revenue Per Adjusted Admission	\$	13,048	\$ 11,318	\$ 12,368	\$ 10,846	14%	\$ 10,755

Year to Date: Operating Metrics

September 30, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	19,600	19,339	1%	17,537	12%
	Total Expense per Adjusted Patient Day	3,862	3,830	1%	3,612	7%
	Supply Expense per Adjusted Admission	2,780	2,672	4.0%	2,429	14%
	Supply Expense per Surgery	1,452	1,797	(19%)	1,524	(5%)
	Supplies as % of Net Patient Revenue	14%	14%	(0.1%)	14%	1.4%
	Pharmaceutical Cost per Adjusted Admission	1,143	1,098	4%	947	21%
	Net Revenue Per Adjusted Admission	\$ 12,228	\$ 11,090	10%	\$ 10,955	12%

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH SEPTEMBER 30 , 2017

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
117,123	123,288	(6,164)	-5.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	359,178	378,082	(18,904)	-5.0%
2,017,258	2,123,429	(106,171)	-5.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	6,186,258	6,511,850	(325,593)	-5.0%
0	189,926	(189,926)	-100.0%	COUNTY REALIGNMENT FUNDS	0	582,441	(582,441)	-100.0%
1,154,188	1,214,935	(60,747)	-5.0%	MEDI-CAL SUPPLEMENTAL FUNDING	3,539,509	3,725,799	(186,290)	-5.0%
2,108,219	2,219,178	(110,959)	-5.0%	PRIME - NEW WAIVER	6,465,205	6,805,479	(340,274)	-5.0%
2,052,781	2,160,822	(108,041)	-5.0%	GPP - NEW WAIVER	6,295,195	6,626,521	(331,326)	-5.0%
1,228,602	1,293,265	(64,663)	-5.0%	WHOLE PERSON CARE	3,767,712	3,966,013	(198,301)	-5.0%
0	14,621	(14,621)	-100.0%	MEANINGFUL USE	0	44,837	(44,837)	-100.0%
8,678,171	9,339,464	(661,293)	-7.1%	SUB-TOTAL - GOVERNMENTAL REVENUE	26,613,057	28,641,022	(2,027,965)	-7.1%
1,976,127	1,937,469	38,658	2.0%	CORRECTIONAL MEDICINE	5,928,381	5,941,571	(13,190)	-0.2%
285,211	287,671	(2,460)	-0.9%	COUNTY CONTRIBUTION	855,633	882,192	(26,559)	-3.0%
10,939,509	11,564,604	(625,095)	-5.4%	TOTAL INDIGENT CARE & COUNTY FUNDING	33,397,071	35,464,785	(2,067,714)	-5.8%

OTHER REVENUE

FOR THE MONTH SEPTEMBER 30, 2017

OTHER OPERATING REVENUE

	MTD ACTUAL	MTD BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
CAFETERIA SALES	74,175	85,547	(11,372)	230,684	262,345	(31,661)
CAFETERIA SALES TAX	(12,593)	0	(12,593)	0	0	0
PARKING LOT and Mt. VERNON LEASE	0	867	(867)	448	2,658	(2,210)
FOUNDATION CONTRIBUTIONS	5,127	0	5,127	27,745	0	27,745
SERVICE CREDIT TRANSFER - JAMISON	15,639	28,558	(12,919)	46,917	87,578	(40,661)
SERVICE CREDIT TRANSFER - PATERNITY	1,920	1,173	747	5,040	3,596	1,444
SERVICE CREDIT TRANSFER OF EXP	0	9,930	(9,930)	20,400	30,453	(10,053)
OTHER REVENUE SB612 (MADDY EMS FUND)	0	44,561	(44,561)	104,287	136,654	(32,367)
MENTAL HEALTH MOU (Psych/Fellows/Residents)	188,389	181,558	6,831	572,837	556,779	16,058
FP-SONG BROWN GRANT	0	80	(80)	0	244	(244)
FEDERAL-OTHER AID (Veterans)	1,926	7,646	(5,721)	9,625	23,449	(13,823)
MEDICAL RECORDS FEES	1,563	2,888	(1,325)	7,229	8,857	(1,628)
REBATES AND REFUNDS	239,290	75,852	163,438	451,873	232,614	219,259
REBATES PHARMACY	2,849	0	2,849	2,937	0	2,937
XRAY COPY	0	5	(5)	0	15	(15)
MEDICAL SCHOOL STUDENT	336,387	357,607	(21,220)	1,003,560	1,096,660	(93,100)
CANCELLED OUTLAWED WARRANT	0	(60)	60	1,714	(185)	1,899
PROFESSIONAL FEES (ER Lockbox)	19,428	45,370	(25,942)	96,010	139,134	(43,124)
WORKER'S COMP REFUNDS	0	13,209	(13,209)	0	40,506	(40,506)
JURY/WITNESS FEES	0	315	(315)	385	967	(582)
KHS GRANT PCMH	70,431	123,288	(52,857)	479,055	378,082	100,973
TOTAL OTHER OPERATING REVENUE	944,530	978,393	(33,863)	3,060,746	3,000,406	60,340
OTHER NON-OPERATING REVENUE						
INTEREST ON COLLECTIONS	20,133	19,135	998	38,170	58,682	(20,512)
OTHER MISCELLANEOUS REVENUE	4,820	34,406	(29,586)	110,699	105,511	5,188
INTEREST ON FUND BALANCE	46,741	32,475	14,266	93,482	99,590	(6,108)
TOTAL OTHER NON-OPER REVENUE	71,694	86,016	(14,322)	242,351	263,783	(21,432)

**KERN MEDICAL
BALANCE SHEET**

	September 2017	September 2016
CURRENT ASSETS:		
CASH	\$33,511,276	\$44,971,023
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	209,192,750	202,559,568
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(173,730,065)	(164,423,988)
-NET OF CONT ALLOWANCES	35,462,685	38,135,580
CORRECTIONAL MEDICINE RECEIVABLE	285,211	0
MD SPA	3,751,337	2,006,387
HOSPITAL FEE RECEIVABLE	3,733,289	3,851,574
REALIGNMENT FUNDS RECEIVABLE	-	65,241
CPE - O/P DSH RECEIVABLE	5,304,141	5,961,316
MENTAL HEALTH MOU	773,391	1,875
MANAGED CARE IGT (RATE RANGE)	10,275,197	9,807,604
RECEIVABLE FROM LIHP	(6,547,536)	(5,722,111)
OTHER RECEIVABLES	1,325,760	511,339
PRIME RECEIVABLE	21,443,374	30,976,667
AB85/75% DEFAULT PCP RECEIVABLE	8,812,491	906,748
GPP (Global Payment Program)	18,245,447	18,728,546
WPC (Whole Person Care)	3,966,013	0
INTEREST ON FUND BALANCE RECEIVABLE	100,289	3,412
MANAGED CARE IGT (SPD)	(5,233,439)	0
OTHER NON PATIENT RECEIVABLE	1,719,827	(20,079,793)
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	(22,576,506)
WAIVER RECEIVABLE FY15	(11,223,792)	(18,531,165)
WAIVER RECEIVABLE FY16	(2,819,361)	0
KHS GRANT RECEIVABLE	0	0
PREPAID EXPENSES	3,782,555	2,568,376
PREPAID MORRISON DEPOSIT	799,706	297,090
INVENTORY AT COST	4,195,982	3,444,167
TOTAL CURRENT ASSETS	113,130,146	76,793,671
PROPERTY, PLANT & EQUIPMENT:		
LAND	170,395	168,115
EQUIPMENT	47,526,473	43,698,055
BUILDINGS	82,462,622	82,462,622
CONSTRUCTION IN PROGRESS	7,007,268	1,230,160
LESS: ACCUMULATED DEPRECIATION	(85,253,455)	(79,370,819)
NET PROPERTY, PLANT & EQUIPMENT	51,913,304	48,188,133
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	12,331,179	10,753,091
ACCUMULATED AMORTIZATION INTANGIBLES	(10,630,956)	(10,330,843)
NET INTANGIBLE ASSETS	1,700,223	422,247
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	71,752,645	51,103,054
CASH HELD BY COP IV TRUSTEE	912,973	906,469
TOTAL LONG-TERM ASSETS	72,665,618	52,009,523
TOTAL ASSETS	\$239,409,290	\$177,413,574

KERN MEDICAL BALANCE SHEET		
	September 2017	September 2016
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$16,664,303	\$18,631,578
ACCRUED SALARIES & EMPLOYEE BENEFITS	9,920,848	8,312,988
OTHER ACCRUALS	3,175,964	4,256,852
ACCRUED CWCAP LIABILITY	79,199	829,169
CURRENT PORTION - CAPITALIZED LEASES	337,560	118,093
CURR LIAB - COP 2011 PAYABLE	1,032,670	986,694
CURR LIAB - P.O.B.	2,006,124	1,861,326
MEDICARE COST REPORT LIAB PAYABLE	3,794,129	939,139
ACCRUED PROFESSIONAL LIABILITY	3,117,990	5,432,551
HOSPITAL FEE-IGT PAYABLE	0	1,143,153
MEDI-CAL COST REPORT LIABILITY	1,430,435	853,483
INDIGENT FUNDING PAYABLE	13,901,598	23,376,131
DSH PAYABLE FY14	24,746,355	0
CREDIT BALANCES PAYABLES	3,114,075	4,191,521
DEFERRED REVENUE - COUNTY CONTRIBUTION	8,018,726	8,018,479
TOTAL CURRENT LIABILITIES	91,339,976	78,951,158
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	2,217,410	3,250,080
NET UNAMORTIZED DISCOUNT COP	59,978	79,971
LONG-TERM LIABILITY - CAPITAL LEASES	1,387,154	2,138,036
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,201,203	6,070,276
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	3,917,722	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
DEFERRED INFLOWS - PENSIONS	22,238,926	17,822,384
PENSION OBLIGATION BOND PAYABLE	3,678,145	4,721,626
ACCRUED COMPENSATED ABSENCES	14,749,256	9,190,517
TOTAL LONG-TERM LIABILITIES	419,195,906	432,985,218
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	2,955,480	1,958,004
RETAINED EARNINGS - PRIOR YEAR	(274,082,071)	(336,480,805)
TOTAL NET POSITION	(271,126,591)	(334,522,801)
TOTAL LIABILITIES & NET POSITION	\$239,409,290	\$177,413,574

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

November 15, 2017

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.



**BOARD OF GOVERNORS' VOLUMES REPORT
KERN MEDICAL – SEPTEMBER 2017**

NOVEMBER 2017

3-Month Trend Analysis: Volume and Strategic Indicators

September 30, 2017

		JULY	AUGUST	SEPTEMBER	BUDGET SEPTEMBER	VARIANCE POS (NEG)	PY SEPTEMBER
VOLUME							
	Adjusted Admissions (AA)	1,477	1,567	1,533	1,559	(2%)	1,615
	Adjusted Patient Days	7,542	8,187	7,501	7,876	(5%)	7,213
	Admissions	827	814	824	812	1%	852
	Average Daily Census	143	137	134	132	2%	123
	Patient Days	4,433	4,252	4,031	4,102	(2%)	3,805
	Available Occupancy %	63.5%	64.1%	62.8%	63.9%	(2%)	59.3%
	Average LOS	5.1	5.2	4.9	5.1	(3%)	4.5
	Surgeries						
	Inpatient Surgeries (Main Campus)	248	244	226	217	4%	215
	Outpatient Surgeries (Main Campus)	233	277	212	276	(23.2%)	273
	Total Surgeries	481	521	438	493	(11%)	488
	Births	228	202	207	227	(9%)	231
	ER Visits						
	Admissions	445	429	427	427	0.0%	409
	Treated & Released	3,707	3,750	3,655	3,824	(4.4%)	3,945
	Total ER Visits	4,152	4,179	4,082	4,251	(4%)	4,354
	Outpatient Clinic Visits						
	Total Clinic Visits	10,172	12,278	11,207	11,074	1%	11,576

Year-to-Date: Volume and Strategic Indicators

September 30, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	4,577	4,634	(1%)	4,718	(3%)
	Adjusted Patient Days	23,229	23,395	(0.7%)	22,907	1%
	Admissions	2,465	2,413	2%	2,449	0.7%
	Average Daily Census	138	132	4%	129	7%
	Patient Days	12,716	12,185	4%	11,903	6.8%
	Available Occupancy %	64.6%	61.9%	4%	60.5%	6.8%
	Average LOS	5.2	5.0	2%	4.9	6%
	Surgeries					
	Inpatient Surgeries (Main Campus)	718	678	6%	671	7%
	Outpatient Surgeries (Main Campus)	722	770	(6%)	762	(5%)
	Total Surgeries	1,440	1,447	(1%)	1,433	0%
	Births	637	680	(6%)	703	(9%)
	ER Visits					
	Admissions	1,301	1,267	3%	1,180	10%
	Treated & Released	11,112	11,357	(2%)	10,552	5%
	Total ER Visits	12,413	12,624	(2%)	11,732	6%
	Outpatient Clinic Visits					
	Total Clinic Visits	33,657	32,892	2%	30,887	9%

3-Month Trend Analysis: Payor Mix

September 30, 2017

		JULY	AUGUST	SEPTEMBER	BUDGET SEPTEMBER	VARIANCE POS (NEG)	PY SEPTEMBER
PAYOR MIX - Charges							
	Commercial FFS	3.6%	4.8%	6.0%	4.9%	21%	3.5%
	Commercial HMO/PPO	5.5%	5.8%	7.1%	5.5%	29%	6.9%
	Medi-Cal	28.3%	30.1%	28.6%	25.7%	11%	27.8%
	Medi-Cal HMO - Kern Health Systems	31.4%	29.1%	27.5%	31.6%	(13%)	27.1%
	Medi-Cal HMO - Health Net	8.3%	11.0%	8.1%	9.3%	(13%)	11.3%
	Medi-Cal HMO - Other	1.0%	1.0%	1.0%	1.1%	(13%)	0.6%
	Medicare	11.1%	7.6%	9.8%	9.5%	3%	9.8%
	Medicare - HMO	1.3%	2.1%	2.5%	2.4%	6%	1.2%
	County Programs	2.1%	0.4%	1.3%	1.8%	(30%)	2.7%
	Workers' Compensation	0.8%	1.8%	1.7%	0.8%	110%	1.1%
	Self Pay	6.6%	6.3%	6.6%	7.4%	(11%)	8.0%
	Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

September 30, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS	5.0%	5.1%	(1%)	4.1%	23%
	Commercial HMO/PPO	6.1%	5.8%	5%	6.2%	(1%)
	Medi-Cal	29.0%	23.7%	22%	27.3%	6%
	Medi-Cal HMO - Kern Health Systems	29.7%	31.5%	(6%)	27.8%	7%
	Medi-Cal HMO - Health Net	8.7%	9.4%	(7%)	11.4%	(23%)
	Medi-Cal HMO - Other	1.0%	1.1%	(6%)	0.7%	55%
	Medicare	9.5%	9.3%	2%	8.9%	7%
	Medicare - HMO	2.0%	2.1%	(8%)	1.8%	8%
	County Programs	0.7%	1.9%	(61%)	2.8%	(73%)
	Workers' Compensation	1.7%	0.7%	141%	0.6%	178%
	Self Pay	6.5%	9.3%	(30%)	8.5%	(23%)
	Total	100.0%	100.0%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

September 30, 2017

	JULY	AUGUST	SEPTEMBER	BUDGET SEPTEMBER	VARIANCE POS (NEG)	PY SEPTEMBER
Labor Metrics						
Productive FTEs	1,331.62	1,365.78	1,355.25	1,332.61	2%	1,228.91
Non-Productive FTEs	225.92	194.82	204.75	204.18	0.3%	218.40
Contract Labor FTEs	84.18	81.72	86.60	64.43	34%	65.03
Total FTEs	1,557.54	1,560.60	1,560.00	1,536.79	2%	1,447.31
FTE's Per AOB Paid	6.11	5.91	6.24	5.85	7%	5.83
FTE's Per AOB Worked	5.23	5.17	5.42	5.08	7%	4.95
Labor Cost/FTE (Annualized)	141,248.60	115,063.75	131,111.46	129,205.05	1%	127,578.00
Benefits Expense as a % of Benefitted Labor Expense	79%	43%	65%	72%	(9%)	69%
Salaries & Benefits as % of Net Patient Revenue	67%	58%	64%	66%	(3%)	61%

Year-to-Date: Labor and Productivity Metrics

September 30, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,353.39	1,325.94	2%	1,217.60	11%
	Non-Productive FTEs	207.54	203.07	2%	199.44	4%
	Contract Labor FTEs	85.54	63.96	34%	63.62	34%
	Total FTEs	1,560.94	1,529.00	2%	1,417.04	10%
	FTE's Per AOB Paid	6.09	6.01	1%	5.69	7%
	FTE's Per AOB Worked	5.28	5.21	1%	4.89	8%
	Labor Cost/FTE (Annualized)	129,079.77	132,776.53	(3%)	129,586.97	(0%)
	Benefits Expense as a % of Benefitted Labor Expense	63%	73%	(14%)	69%	(9%)
	Salaries & Benefits as % of Net Patient Revenue	63%	66%	(5%)	63%	(0.4%)

**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 November 15, 2017, 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)) –

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

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On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on November 15, 2017, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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**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 November 15, 2017, to consider:

 X PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) –