



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

**Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93306**

Regular Meeting
Wednesday, May 20, 2020

11:30 A.M.

BOARD TO RECONVENE

Board Members: Alsop, Berjis, Bigler, Brar, 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. In addition, 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 April 15, 2020 –
APPROVE

CA

- 4) Proposed Resolution extending insurance coverage maintained by Kern County Hospital Authority to Kern Medical Center Foundation and Kern Medical Auxiliary, effective May 20, 2020 –
APPROVE; ADOPT RESOLUTION; DIRECT STAFF TO COORDINATE AND CONFIRM COVERAGE WITH ALLIANT INSURANCE SERVICES, INC.

CA

- 5) Proposed purchase of real property located at 1935 Flower Street, Bakersfield, California, APN 138-032-03, from Maria de Remedios Gonzalez, for a purchase price of \$125,000 plus estimated closing costs of \$5,000 –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302, 15303, 15304, 15305, 15306, AND 15061(B)(3) OF STATE CEQA GUIDELINES; APPROVE; ADOPT RESOLUTION; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN STANDARD OFFER AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE, ACCEPT GRANT DEED ON BEHALF OF KERN COUNTY HOSPITAL AUTHORITY, AND SIGN ALL ESCROW DOCUMENTS; DIRECT STAFF TO ISSUE WARRANT PAYABLE TO CHICAGO TITLE COMPANY

CA

- 6) Proposed retroactive Agreement with HercRentals, Inc., an independent contractor, containing nonstandard terms and conditions, for rental services of lighting equipment to operate Temporary Isolation Units (TIU) established for the purpose of providing a safe and isolated location for individuals who have tested positive for COVID-19 or are exhibiting symptoms of COVID-19 and do not have housing that would provide sufficient quarantine, on a month-to-month basis at a rate of \$2,564 per month for four (4) light towers, plus applicable delivery and taxes, effective April 8, 2020 – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA

- 7) Proposed Extended Services Supplement to Agreement 496-2016 with The Ultimate Software Group, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of advanced reports software for the Human Resources Department, increasing the maximum payable by \$38,784, from \$426,794 to \$465,578, to cover the cost of the software, effective May 20, 2020 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed retroactive Amendment No. 4 to Agreement 1119-2009 with Language Line Services, Inc., an independent contractor, for video and telephone interpreter services for the period December 14, 2009 through December 13, 2019, extending the term for one year from December 14, 2019 through December 13, 2020, and increasing the maximum payable by \$270,000, from \$2,000,000 to \$2,270,000, to cover the extended term, effective December 14, 2019 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 9) Kern County Hospital Authority Financial report – RECEIVE AND FILE

- 10) Proposed Kern County Hospital Authority operating and capital budget for Fiscal Year 2020-2021 – APPROVE; REFER TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL

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

CA

- 12) Claims and Lawsuits Filed as of April 30, 2020 – RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 13) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 14) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Martin L. Goldman, M.D., an individual v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-18-100390 SDS –
- 15) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, June 17, 2020, 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.

12) CLAIMS AND LAWSUITS FILED AS OF APRIL 30, 2020 –
RECEIVE AND FILE

- A) Claim in the matter of Alan Ice, a minor
- B) Claim in the matter of Joshua Sonnefeldt
- C) Summons and Complaint in the matter of Maria Elena Lopez-Rodriguez v. Kern Medical Surgery Center, LLC, et al., Kern County Superior Court Case No. BCV-20-100510 SDS
- D) Letter of Representation in the matter of Cynthia and Alejandro Gonzalez
- E) Notice of Appeal to Arbitrate Grievance in the matter of Eva-Maria Dominguez



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

**Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93306**

Regular Meeting
Wednesday, April 15, 2020

11:30 A.M.

BOARD RECONVENED

Board Members: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk
ROLL CALL: 6 Present; 1 Absent - McLaughlin

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

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" ARE 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. In addition, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**
NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

DIRECTOR BERJIS REPORTED THAT THE ACCREDITATION COUNCIL FOR GRADUATE MEDICAL EDUCATION APPROVED THE KERN MEDICAL CENTER APPLICATION FOR AN INFECTIOUS DISEASE FELLOWSHIP. THE FIRST FELLOW WILL START TRAINING JULY 1, 2021. ARASH HEIDARI, M.D., WILL SERVE AS THE FIRST PROGRAM DIRECTOR

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on March 18, 2020 –
APPROVED
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 4) Proposed reappointment of Director Amir Berjis, M.D. to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2023 –
REFERRED TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 5) Proposed reappointment of Director Stephen Pelz to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2023 –
REFERRED TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 6) Proposed Agreement with Lenovo (United States) Inc., an independent contractor, for contingency purchase of computers, hardware and or software, for a term of three years, in an amount not to exceed \$900,000, effective upon signature of all parties –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 010-2020
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 7) Proposed Amendment No. 2 to Agreement 078-2018 with Ray A Morgan Company, an independent contractor, for lease and maintenance of printers and facsimile machines, for the period November 14, 2018 through November 13, 2023, increasing the maximum payable by \$338,294, from \$1,931,710 to \$2,270,004, to cover the term, effective April 15, 2020 –
APPROVED; AUTHORIZED CHAIRMAN AND CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 011-2020
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 8) Proposed retroactive Agreement with Advanced Technologies Group, Inc., an independent contractor, containing nonstandard terms and conditions, for subscription services to the Environment of Care Rounding Solution from January 1, 2020 through December 31, 2020, in an amount not to exceed \$3,780 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 012-2020
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 9) Proposed retroactive Agreement with Philips Healthcare, a division of Philips North America LLC, an independent contractor, for purchase of a CombiDiagnost R90 Fluoroscopy Machine and service agreement from March 9, 2020 through March 8, 2025, in an amount not to exceed \$689,543, plus applicable construction costs not to exceed \$598,000 –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 013-2020
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 10) Proposed retroactive Teleradiology Services Agreement and Credentialing and Privileging Agreement with Virtual Radiologic Professionals of California, P.A. (vRad), an independent contractor, for teleradiology services and delegated credentialing of practitioners from April 13, 2020 through April 12, 2021, with an option to renew for an additional one-year term, in an amount not to exceed \$910,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN TELERADIOLOGY SERVICES AGREEMENT 014-2020 AND CHIEF EXECUTIVE OFFICER TO SIGN CREDENTIALING AND PRIVILEGING AGREEMENT 015-2020
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 11) Proposed amended and restated Bylaws of the Kern Medical Auxiliary, effective April 15, 2020
APPROVED; AUTHORIZED CHAIRMAN TO SIGN
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 12) Proposed retroactive Resolution regarding medical staff credentialing during the COVID-19 emergency, effective March 1, 2020 –
APPROVED; ADOPTED RESOLUTION 2020-005
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 13) Proposed retroactive Agreement with IPFS Corporation of California, an independent contractor, to finance earthquake coverage through Specialty Risk Underwriters from March 31, 2020 through March 31, 2021, in an amount not to exceed \$294,970 –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN PREMIUM FINANCE AGREEMENT 016-2020 AND CERTIFICATE OF INCUMBENCY
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

CA

- 14) Proposed retroactive Agreement with Eugene H. Roos, D.O., an independent contractor, for professional medical services in the Department of Radiology from April 1, 2020 through March 31, 2021, in an amount not to exceed \$375,000 –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT
017-2020
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

- 15) Kern County Hospital Authority Financial report –
RECEIVED AND FILED
Sistrunk-Berjis: 6 Ayes; 1 Absent - McLaughlin

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

CA

- 17) Claims and Lawsuits Filed as of March 31, 2020 –
RECEIVED AND FILED
Pelz-Brar: 6 Ayes; 1 Absent - McLaughlin

ADJOURNED TO CLOSED SESSION

Berjis-Sistrunk

NOTE: DIRECTOR ALSOP LEFT THE DAIS AFTER THE MEETING ADJOURNED AND DID NOT RETURN FOR CLOSED SESSION

CLOSED SESSION

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

RECONVENED FROM CLOSED SESSION

Pelz-Berjis

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 11 concerning 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 PELZ, SECOND BY DIRECTOR BRAR; 2 ABSENT - DIRECTORS ALSOP AND MCLAUGHLIN), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW/RELEASE OF PROCTORING, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, MAY 20, 2020, AT 11:30 A.M.
Berjis

/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**

May 20, 2020

SUBJECT: Proposed Resolution to extend insurance coverage maintained by the Kern County Hospital Authority to Kern Medical Center Foundation and Kern Medical Auxiliary, effective May 20, 2020

RECOMMENDED ACTION: Approve; Adopt Resolution; Direct staff to coordinate and confirm coverage with Alliant Insurance Services, Inc.

SUMMARY:

The Authority maintains various programs of insurance and self-insurance, including general liability and umbrella/excess liability, workers' compensation and employers liability, automobile liability, directors and officers liability, employment practices liability, crime, privacy and security (cyber) liability, premises pollution liability, property (building, equipment, business interruption, earthquake and flood), employed lawyers liability, and fiduciary liability. The Authority maintains these programs of insurance and self-insurance as a means of protection from financial loss.

Since July 1, 2016, the date of transfer of ownership of Kern Medical from the County of Kern to the Authority, the Authority has retained liability for the acts or omissions of the Kern Medical Center Foundation and the Kern Medical Auxiliary. Each entity is a nonprofit public benefit corporation organized under the laws of the state of California. The primary purpose of each entity is to support the operation of Kern Medical.

A number of the Authority's insurance carriers are now requiring that your Board adopt a resolution that formally authorizes the extension of coverage to these two entities. Extending coverage under these programs to the Foundation and the Auxiliary is deemed a best risk management practice and is recommended by the Authority. There is no known added cost at this time to the Authority to extend the requested coverage.

Therefore, it is recommended that your Board adopt the attached Resolution extending insurance coverage maintained by the Authority to Kern Medical Center Foundation and Kern Medical Auxiliary, effective May 20, 2020, and direct staff to coordinate and confirm coverage with Alliant Insurance Services, Inc.

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

In the matter of:

Resolution No. 2020-____

**EXTENSION OF INSURANCE
COVERAGE FOR KERN MEDICAL
CENTER FOUNDATION AND
KERN MEDICAL AUXILIARY**

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 20th day of May, 2020, 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”) maintains various programs of insurance and self-insurance, including general liability and umbrella/excess liability, workers’ compensation and employers liability, automobile liability, directors and officers liability, employment practices liability, crime, privacy and security (cyber) liability, premises pollution liability, property (building, equipment, business interruption, earthquake and flood), employed lawyers liability, and fiduciary liability; and

(b) The Authority maintains these programs of insurance and self-insurance as a means of protection from financial loss. For example, crime insurance provides coverage for loss of money, securities, or other assets resulting from acts such as employee theft, certain types of fraud by third parties, theft of property from the premises, and social engineering (impersonation fraud); and

(c) The Authority has retained liability for the acts or omissions of the Kern Medical Center Foundation and the Kern Medical Auxiliary since July 1, 2016, the date of transfer of ownership of Kern Medical Center from the County of Kern to the Authority; and

(d) A number of the Authority's insurance carriers are now requiring that the Board of Governors adopt a resolution that formally authorizes the extension of coverage to these two entities; and

(e) The purpose of the Kern Medical Center Foundation is to procure and extend financial aid toward the operation, maintenance and modernization of the healthcare facilities, programs and services at Kern Medical Center; and

(f) The purpose of the Kern Medical Auxiliary is to promote and advance the welfare of Kern Medical Center and its patients by providing supplemental services and benefits; and

(g) Extending coverage under these programs to the Kern Medical Center Foundation and the Kern Medical Auxiliary is deemed a best risk management practice and is recommended by the Authority; and

(h) There is no known added cost at this time to the Authority to extend the requested coverage.

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 Authority shall be served by extending coverage to the Kern Medical Center Foundation and the Kern Medical Auxiliary.

3. This Board hereby directs staff to coordinate and confirm coverage for the Kern Medical Center Foundation and the Kern Medical Auxiliary with Alliant Insurance Services, Inc.

4. The provisions of this Resolution shall be effective, in force and operative as of the 20th day of May, 2020.

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

Chief Executive Officer
Chief Financial Officer
Legal Services Department
Human Resources Department
Alliant Insurance Services, Inc.
Kern Medical Auxiliary
Kern Medical Center Foundation



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

May 20, 2020

Subject: Proposed Purchase of Real Property

Recommended Action: Make finding project is exempt from further CEQA Review per sections 15301, 15302, 15303, 15304, 15305, 15306, and 15061(b)(3) of State CEQA Guidelines; Approve; Adopt Resolution; Authorize Chief Executive Officer to sign Standard Offer, Agreement, and Escrow Instructions for Purchase of Real Estate, accept Grant Deed on behalf of Kern County Hospital Authority, and sign all escrow documents; direct staff to issue warrant payable to Chicago Title Company

Summary:

Proposed purchase of real property comprised of 8,276 square feet of C-1 city zoned improved land with the street address of 1935 Flower Street, Bakersfield, California, APN 138-032-03, from Maria de Remedios Gonzalez, for a purchase price of \$125,000 with an additional estimate of \$5,000 for closing costs.

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

In the matter of:

Resolution No. 2020-_____

**PURCHASE OF REAL PROPERTY
LOCATED AT 1935 FLOWER STREET,
APN 138-032-03,
FROM MARIA DE REMEDIOS GONZALEZ**

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 the Kern County Hospital Authority at an official meeting thereof on the 20th day of May, 2020, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

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

(b) The Authority has negotiated with Maria De Remedios Gonzalez for the acquisition of real property located at 1935 Flower Street, Bakersfield, California, described as Assessor’s Parcel

Number 138-032-03, and legally described in the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, attached hereto as Exhibit "A" ("Premises"); and

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

- 1) The purchase price for a fee interest in the Premises is \$125,000, which represents market value and is based on an independent appraisal of the Premises;
- 2) The Authority may pay escrow fees in an amount not to exceed \$5,000;
- 3) Close of escrow will be within 60 days; and

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

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

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

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

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

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

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

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

Kern Medical Center
Legal Services Department
Chicago Title Company



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

Dated: January 1, 2020

1. Buyer.

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

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

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) the Property consists of a fee simple interest in 8,276 SF of C-1 City zoned improved land with the street address 1935 Flower Street. APN 138-032-03 is located in the County of Kern, is commonly known as (street address, city, state, zip) 1935 Flower Street, Bakersfield, CA 93305 and is legally described as: TBD by title company (APN: 138-032-03)

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

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

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

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$125,000.00, or (complete only if purchase price will be determined based on a per unit cost instead of a fixed price) per unit. The unit used to determine the Purchase Price shall be: lot, acre, square foot, other, prorating areas of less than a full unit. The number of units shall be based on a calculation of total area of the Property as certified to the Parties by a licensed surveyor in accordance with paragraph 9.1(g). However, the following rights of way and other areas will be excluded from such calculation: The Purchase Price shall be payable as follows:

(Strike any not applicable)

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

\$125,000.00

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

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

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

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

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

(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property to secure the promissory note of Buyer to Seller described in paragraph 5 ("Purchase Money Note") in the amount of:

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

4. Deposits.

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

4.2 Additional deposits:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(b) — Late Charge — A late charge of 5% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.~~

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

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

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

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

7. Real Estate Brokers.

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

Watson Realty, ERA represents Seller exclusively ("Seller's Broker");

Colliers Tingey International, Inc. represents Buyer exclusively ("Buyer's Broker"); or

_____ represents both Seller and Buyer ("Dual Agency").

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

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

8. Escrow and Closing.

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

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

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

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

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

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

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

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

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

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

9. Contingencies to Closing.

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

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

(b) **Physical Inspection.** Buyer has 30 or 60 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

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

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

(e) **Governmental Approvals.** Buyer has 30 or 60 days following the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.
NOTE: Past uses of the Property may no longer be allowed. In the event that the Property must be rezoned, it is Buyer's responsibility to obtain the rezoning from the appropriate government agencies. Seller shall sign all documents Buyer is required to file in connection with rezoning, conditional use permits and/or other development approvals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Documents Required at or Before Closing.

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

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

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

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

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

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

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

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

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

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

10.3 Buyer shall deliver to Seller through Escrow:

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

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

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

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

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

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

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

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

11. Prorations and Adjustments.

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

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

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

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

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

~~11.6 **Variations in Existing Note Balances.** In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 2.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 2.1(a) shall be reduced or increased by the amount of such Existing Note Variation.~~

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

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

12. Representations and Warranties of Seller and Disclaimers.

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

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OFAL-15.01, Revised 11-01-2017

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

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

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

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

13. Possession.

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

14. Buyer's Entry.

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

15. Further Documents and Assurances.

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

16. Attorneys' Fees.

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

17. Prior Agreements/Amendments.

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

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

18. Broker's Rights.

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

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

19. Notices.

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

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

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

20. Duration of Offer.

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

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

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

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

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

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- 22. ARBITRATION OF DISPUTES.** (This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)
- 22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. THE NUMBER OF ARBITRATORS SHALL BE AS PROVIDED IN THE COMMERCIAL RULES AND EACH SUCH ARBITRATOR SHALL BE AN IMPARTIAL REAL ESTATE BROKER WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THE ARBITRATOR OR ARBITRATORS SHALL BE APPOINTED UNDER THE COMMERCIAL RULES AND SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.
- 22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.
- 22.3 NOTICE: BY INITIATING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIATING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

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

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- 23. Miscellaneous.**
- 23.1 **Binding Effect.** Buyer and Seller both acknowledge that they have carefully read and reviewed this Agreement and each term and provision contained herein. In addition, this Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.
- 23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.
- 23.3 **Time of Essence.** Time is of the essence of this Agreement.
- 23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.
- ~~23.5 Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.~~
- 23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. Seller and Buyer must initial any and all handwritten provisions.
- 23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.
- 23.8 **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.
- ~~23.9 Liability of Buyer. The liabilities or obligations of Buyer with respect to its actives pursuant to this AGREEMENT shall be the liabilities or obligations solely of Buyer and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the stat of California. California Health and Safety Code Section 101853(g).~~

- 24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.**
- 24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.
- 24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:
- (a) **Seller's Agent.** A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) *To the Seller:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.
- (b) **Buyer's Agent.** A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.
- (c) **Agent Representing Both Seller and Buyer.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.
- (d) **Further Disclosures.** Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that

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

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

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

26. Additional Provisions.

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

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

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

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

NOTE:

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

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

BROKER

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

Date: _____

BUYER

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

27. Acceptance.

- 27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.
- 27.2 In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in a sum equal to 5% of the Purchase Price to be divided between the Brokers as follows: Seller's Broker 2.5% and Buyer's Broker 2.5%. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.
- 27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

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

BROKER

Watson Realty ERA
 Attn: Eufemia Rodriguez
 Title: _____
 Address: 9101 Camino Media, Bakersfield, CA 93311
 Phone: _____
 Fax: _____
 Email: _____
 Federal ID No.: _____
 Broker/Agent BRE License #: 01223840 and 01155496

Date: 4-16-2020

SELLER

Maria Remedias Gonzalez
 By: [Signature]
 Name Printed: MARIA DE REMEDIOS GONZALEZ
 Title: SELLER/OWNER
 Phone: _____
 Fax: _____
 Email: _____
 By: _____
 Name Printed: _____
 Title: _____

AW
 INITIALS

MRG
 INITIALS

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

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OFAL-15.01, Revised 11-01-2017



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

PREFACE:

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

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

TO WHOM IT MAY CONCERN:

Maria Remedias Gonzalez ("Owner"), owns the Property/Premises commonly known as (street address, city, state, zip) 1935 Flower Street, Bakersfield, CA 93305 located in the County of Kern, and generally described as (describe briefly the nature of the Premises or Property)

the Property consists of a fee simple interest in 8,276 SF of C-1 City zoned improved land with the street address 1935 Flower Street. APN 138-032-03. (hereinafter "Property"), and certifies that:

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

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

Date: 4-16-2020
(fill in date of execution)

OWNER
Maria Remedios Gonzalez

By: Maria de la Penasacion Gonzalez A ✓
Name Printed: MARIA DE REMEDIOS GONZALEZ
Title: Owner

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

BUYER/LESSEE
Kern County Hospital Authority

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

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com
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SELLER'S MANDATORY DISCLOSURE STATEMENT

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

This disclosure statement is intended to be a part of the [X] STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE (See paragraph 9.1(a) of said document) or [] (the "Purchase Agreement") dated [] regarding that certain real property commonly known as (street address, city, state, zip): 1935 Flower Street, Bakersfield, CA 93305 (the "Property") wherein Maria Remedias Gonzalez is the Seller and Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center is the Buyer. Note: This disclosure statement is not designed nor intended to be used in place of the standard Property Information Sheet published BY AIR CRE ("AIR"). Both documents should be used in every transaction involving a sale.

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

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

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

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

3. EARTHQUAKE SAFETY. If (1) the improvements on the Property were constructed prior to 1975, and (2) said improvements include structures with (i) pre-cast (e.g., tilt-up) concrete or reinforced masonry walls together with wood frame floors or roofs or (ii) unreinforced masonry walls, Buyer must be provided with a copy of The Commercial Property Owner's Guide to Earthquake Safety (the "Booklet") published by the California Seismic Safety Commission. Buyer is hereby informed that the Property:
(a) meets the foregoing requirements, and a copy of the Booklet and a completed "Commercial Property Earthquake Weakness Disclosure Report" is attached hereto. Within five business days of Buyer's receipt of said Disclosure Report, Buyer shall deliver a duly countersigned copy of the same to Escrow Holder, with a copy to Seller and Seller's Broker. Escrow Holder is hereby instructed that the Escrow shall not close unless and until Escrow Holder has received the Disclosure Report duly signed by both Seller and Buyer.
(b) does not meet the foregoing requirements requiring the delivery of the Booklet.

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

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

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

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

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

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

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

11. TITLE INSURANCE. In the event that the Purchase Agreement does not at present provide that title insurance will be obtained, Buyer is strongly urged to consider purchasing such insurance, and, in accordance with California Civil Code §1052.6, is advised as follows:
IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW.

Initials: AH

Initials: My G

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

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

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

13. OTHER. _____

PLEASE NOTE:

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

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

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

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

Date: 4-16-2020

SELLER
Maria Remedios Gonzalez

By: Maria Remedios Gonzalez A. ✓
Name Printed: MARIA DE REMEDIOS GONZALEZ
Title: _____

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

Date: _____

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

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

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

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SMD-6.00, Revised 01-03-2017



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

May 20, 2020

SUBJECT: Proposed retroactive Rental Agreement with Herc Rentals, Inc. for the provision of lighting in support of the state supported COVID-19 response

Requested Action: Approve; Authorize Chief Executive Officer to sign

Summary:

SUBJECT: Proposed retroactive Rental Agreement with Herc Rentals, Inc. for the provision of lighting in support of the state supported COVID-19 response

Recommended Action: Approve; Authorize Chief Executive Officer to sign

Summary:

The County of Kern has contracted with the Kern County Hospital Authority (“Authority”) to operate Temporary Isolation Units (TIU) established for the purpose of providing a safe and isolated location for individuals who have tested positive for COVID-19 or are exhibiting symptoms of COVID-19 and do not have housing that would provide sufficient quarantine.

In support of operating the TIU, the Authority has needed to enter into subcontracts for certain services, including renting light towers to provide additional light at night at the TIU location. Staff contacted multiple companies to find LED light towers and secured an agreement with Herc Rentals, Inc. at a rate of \$2,564 per month for four (4) light towers, plus applicable delivery and taxes. County intends to reimburse Authority for expenditures in support of the TIU in accordance with the agreement and FEMA guidelines.

Counsel is unable to approve as to form due to non-standard terms and conditions, which include the assumption of all liability including Herc Rentals, Inc. negligence, our indemnification of Herc Rentals, Inc. including their negligence and/or misconduct with no indemnification from Herc Rentals, Inc., and the law and venue of the state of Delaware will govern the Agreement. Counsel requested the removal of these terms, but when asked, Herc Rental, Inc. indicated that their rental agreement is their standard agreement and that they do not make changes to the agreement.

Given the nature of the COVID-19 pandemic and the urgent need for the TIU services, staff recommends that your Board approve the proposed retroactive Rental Agreement with Herc Rental, Inc. and authorize the Chief Executive Officer to sign.

QUOTE



R.A. No. 52805389

Page 1 of 2

BRANCH: 643	BILL TO CUSTOMER: 3010993	SHIPPING ADDRESS
HERC BAKERSFIELD 6315 SNOW ROAD BAKERSFIELD, CA 93308 661-392-3661	KERN MEDICAL CENTER 1700 MT. VERNON AVENUE BAKERSFIELD, CA 93306	KERN MEDICAL CENTER 1700 MT VERNON AVE BAKERSFIELD, CA 93306 661-599-4241

DESCRIPTION/CHARGES

EST START: 4/08/20 18:35 EST RETURN: 5/06/20 18:35 DROP DATE: _____
 SHIPPED BY: _____ ORDERED BY: TYLER WHITEZELL DROP TIME: _____
 ORDER DATE: 4/07/20 SALESPERSON: 830 SALES COORDINATOR: _____
 PO# / JOB#: _____ / KERN MEDICAL CENTER **Rates subject to availability**

Qty	Equipment #	Hrs/	Min	Hour	Day	Week	Month	Amount
4	LIGHT TOWER MAN MAST 16FT LED CART 120V 5101080	8/	86.00	14.33	86.00	220.00	641.00	2564.00

* * * Items are priced per piece * * *

DELIVERY CHARGE		100.00
PICKUP CHARGE		100.00
Taxable Sub-total:	2764.00	
		Sub-total: 2764.00
		Tax: 200.39
		Total: 2964.39

For GREAT DEALS on USED EQUIPMENT - visit us on-line at HercRentals.com

**CAREFULLY READ THE TERMS AND CONDITIONS
THAT APPEAR BELOW AND ON REVERSE SIDE OF THIS PAGE**

THE EQUIPMENT (DEFINED BELOW) IS RENTED BY HERC RENTALS INC. (HERC) TO THE CUSTOMER PURSUANT TO THE TERMS AND CONDITIONS ON THE FRONT AND BACK HEREOF. CUSTOMER REPRESENTS HAVING READ AND AGREED TO SAME, INCLUDING THE TERMS IMMEDIATELY BELOW.
 NOTWITHSTANDING PAYMENT OF THE RPP FEE, CUSTOMER IS LIABLE FOR ALL DAMAGES TO THE EQUIPMENT, AND ANY ADMINISTRATIVE FEES AND EXPENSES OF HERC, CAUSED BY THE EQUIPMENT BEING USED OR OPERATED IN VIOLATION OF THE TERMS AND CONDITIONS HEREOF, OR IN VIOLATION OF THE RENTAL PROTECTION PLAN GUIDE.
 PARAGRAPH 12 ON THE REVERSE SIDE OF THIS PAGE IS IN LIEU OF (i) ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; AND (ii) ALL OBLIGATIONS ON THE PART OF HERC TO CUSTOMER FOR DAMAGES, INCLUDING, BUT NOT LIMITED TO, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE RENTAL, MAINTENANCE, USE, OPERATION, STORAGE, ERECTION, DISMANTLING OR TRANSPORTATION OF THE EQUIPMENT. CUSTOMER REPRESENTS THAT CUSTOMER HAS FULLY INSPECTED THE EQUIPMENT AND THAT EXCEPT FOR ANY ISSUES UNDER SECTION 12 HEREOF SAME IS IN GOOD CONDITION AND REPAIR AND THAT CUSTOMER IS LIABLE FOR ALL VIOLATIONS OF LAW ARISING OUT OF CUSTOMER'S USE, POSSESSION OR OPERATION OF THE EQUIPMENT.

PLEASE BE AWARE that Herc adds an Emissions and Environmental Surcharge ("EES") with respect to motorized, electric, hydraulic, combustion engine and pneumatic powered rental equipment. EES is a charge by Herc to help offset costs and expenses, including overhead, generally associated with the following types of activities: (1) compliance with federal, state and local environmental laws, regulations and rules relating to Herc's business operations such as handling, managing, and/or disposing of waste materials that contain hazardous substances (e.g., motor oil, grease, and hydraulic fluid); (2) the implementation of voluntary conservation or "green" initiatives at Herc; and (3) the acquisition and use of vehicles in Herc's business with engines using advanced emission control technologies. Herc also adds a Vehicle Licensing Fee ("VLF") with respect to rental vehicles and trailers to help offset the costs and overhead associated with licensing and registering such items. EES and VLF Surcharges may be charged from time to time at Herc's discretion. THESE SURCHARGES ARE NOT TAXES OR GOVERNMENT MANDATED CHARGES.

PLEASE BE AWARE THAT THE RENTAL PROTECTION PLAN (RPP) IS NOT INSURANCE. The Charge for RPP is 15% of gross rental charges. Customer may accept or decline RPP. If Customer accepts RPP, in consideration of the charge shown above, Lessor agrees to waive certain claims against customer for loss of or damage to Equipment, in accordance with the terms and conditions set forth herein and in the RENTAL PROTECTION PLAN GUIDE which Customer should review before deciding whether to purchase RPP. By accepting the Rental Protection Plan and paying the additional fee, Herc will limit the equipment repair or replacement cost to a deductible of \$500 per item or 10% of the repair or replacement cost, including tax, whichever is less. You are responsible for any loss or damage up to this amount. RPP does NOT cover damage to tires and tubes caused by blow out, bruises, cuts, punctures or other causes inherent in the use of the Equipment.

Customer is obligated to return the Equipment in a good, clean, and uncontaminated condition, free of any and all hazardous substances.

Russell V. Judd
 Customer Name

 Customer Signature

Chief Executive Officer
 Title
 4/9/20
 Date

Terms are due upon receipt Not valid without Barcode

Reviewed Only
 Not Approved As To Form:

 Hospital Counsel



Carefully read the terms and conditions that appear above and on reverse side of this page.

HERC RENTALS INC.

This Agreement ("Agreement") is for the rental of the equipment described on the other side of this page ("Front"), including all parts and accessories to such equipment ("Equipment"). This Agreement is between the customer identified on the Front ("Customer" or "You") and Herc Rentals Inc. ("Herc"). Both parties acknowledge that this Agreement consists of the terms written or printed on both sides of this page.

1. NATURE OF THIS AGREEMENT. This Agreement is solely for the purpose of creating a rental transaction, which allows Customer to use the Equipment as permitted by this Agreement. CUSTOMER REPRESENTS THAT THE EQUIPMENT IS TO BE USED SOLELY AND EXCLUSIVELY FOR BUSINESS OR COMMERCIAL PURPOSES. The Equipment is owned by Herc. Customer acknowledges that neither Herc nor Herc's employees, agents, or representatives will be responsible for any damage to or loss of the Equipment or any rights or obligations under this Agreement. Neither Customer nor any Additional Operators (as defined below) are agents of Herc. No one may repair or alter the Equipment without Herc's prior written approval. Customer will not suffer any liens or encumbrances to attach to the Equipment and will defend, indemnify and hold Herc harmless from all loss, liability, and expense by reason thereof.

2. WHO MAY OPERATE THE EQUIPMENT. Only Customer and the following persons with Customer's permission ("Authorized Operator") may operate the Equipment: Customer's employee, employees, fellow employees in the course of such employee's regular employment, or persons approved by Herc in writing. Customer and all Authorized Operators must be at least 25 years old to operate a motor vehicle, 21 years old for all other Equipment; be properly qualified to operate the Equipment; and have a valid operator's license with respect to the Equipment where required by law. Customer is responsible for any person that operates, uses, stores or moves the Equipment regardless of whether that person is an Authorized Operator.

3. RENTAL CHARGES. Customer will pay Herc on demand at the Herc branch designated on the Front ("Branch") or to the address and by the date specified in the applicable invoice, all rental, time, mileage, service, transportation, refueling service, surcharges and other charges and sums in accordance with this Agreement, all sales and use taxes or tax reimbursement imposed with respect to the Equipment and this Agreement, and all expenses, including reasonable attorney's fees incurred in collecting same. Customer will also pay to Herc on demand at the Herc Branch the VLF Surcharge described on the Front. Customer understands that such charges will reimburse Herc for a portion of the registration or licensing fees and ad valorem taxes that Herc paid in Herc's prior fiscal year to the state in which such Herc Branch is located and to local governments and other taxing authorities located in such state. Customer further understands that unless otherwise required by applicable law, such charges may be determined by Herc on the basis of the revenues Herc receives or estimates it will receive in such state and the total registration or licensing fees and ad valorem taxes that Herc pays or estimates it will pay to such state, local governments and other taxing authorities. The basic daily, weekly and 4 week rental rates will entitle Customer to a maximum of one-shift use (i.e., a maximum of 8 hours per day; 40 hours per week; 160 hours per 4 weeks). Use in excess of one shift will be payable at the hourly rate of 1/16th of the daily charge (for a daily rental), 1/80th of the weekly charge (for a weekly rental) and 1/320th of the 4 week charge (for a 4 week rental), plus applicable taxes. All charges are subject to final audit by Herc. Herc will have a lien as allowed by law for charges incurred hereunder upon the premises and improvements upon which the Equipment is employed. Rentals are F.O.B. the Herc Branch unless otherwise specified. Shipping charges from such Branch to the Customer's destination and return and all loading, unloading, assembling and dismantling will be paid by Customer. All rates for rentals in excess of 4 weeks are subject to change on thirty (30) days' notice in writing to the Customer with respect to any portion of the rental period then remaining. By executing this Agreement and accepting the Equipment pursuant to Section 12 hereof, the Customer accepts and agrees to pay all rental and other charges specified herein and on the Front hereof. Charges not paid on time, as required by this Agreement, may be subject to a late payment fee as provided in this Agreement. Customer may also be charged a reasonable fee for any check used for payment hereunder that is returned unpaid.

4. CUSTOMER'S RESPONSIBILITIES. Customer is responsible to Herc for all loss or damage to the Equipment, and for its return in the same condition it was received, except for ordinary wear. Such responsibility is limited to the full value of the Equipment at the time it is lost or damaged, less its salvage value, plus any administrative fees and Herc's related expenses, such as loss of use, appraisal fees or recovery costs ("Full Value"). The Equipment must be returned to Herc at the rental Herc Branch by the Due Date specified on the Front, or sooner if demanded by Herc. Customer acknowledges that it must confirm return receipt of the Equipment by Herc at the expiration or earlier termination of the rental. Until such time as Herc receives actual possession of the Equipment, Customer agrees to hold said Equipment in a safe and secure manner. The Equipment will be used solely in Customer's business and kept only at Customer's place of business or the job site at which the Equipment is used, and will not be moved without the prior written consent of Herc. The Equipment will be used only in accordance with the manufacturer's instructions within its rated capacity. Customer will perform or cause to be performed and pay for all normal periodic and other basic service, adjustments and lubrication of the Equipment, including but not limited to: checking or becoming in need of repair, Customer will immediately cease using same and will immediately notify Herc. Customer will record and supply to Herc at expiration or earlier termination of this Agreement, fuel receipts and driver trip records containing mileage breakdown by state. Failure to comply with the foregoing fuel and mileage requirements will entitle Herc to a \$.05 per unrecorded mile as additional rental hereunder, which Customer hereby agrees to pay.

5. RISK OF LOSS. All loss of or damage to the Equipment from any cause whatsoever while on rental or in Customer's or Authorized Operator's care, custody or control, whether exclusive or not, and whether or not due to the fault of Customer, including, but not limited to, fire, flood, theft, comprehensive losses, collision and rollover, and Acts of God, will be the sole responsibility of Customer and will be paid to Herc promptly upon Customer's receipt of an invoice therefor, less any deductible. Herc's responsibility for the Equipment shall be limited to the provisions of any other agreement, if any, between Customer and Herc. Appraisal fees or recovery costs. THE COST OF LABOR FOR REPAIRS WILL BE EITHER HERC'S THEN PREVAILING HOURLY RATE FOR LABOR, POSTED AT THE HERC BRANCH WHERE THE EQUIPMENT IS TO BE REPAIRED, OR THE REPAIRER'S HOURLY RATE FOR LABOR CHARGED TO HERC FOR REPAIRS AS THE CASE MAY BE. PARTS WILL BE CHARGED AT HERC'S COST PLUS A RETAIL MARKUP. Use of the Equipment by persons other than Customer or Authorized Operators will be at Customer's sole risk.

6. EVENTS OF DEFAULT. Customer shall be in default of this Agreement if Customer fails to pay any rent when due or if Customer breaches any of the other terms of this Agreement, or if Customer becomes insolvent or ceases to do business as a going concern, or if a petition in bankruptcy is filed by or against Customer, or if Customer is in default of the provisions of any other agreement, if any, between Customer and Herc, or if the Equipment is damaged or destroyed or deemed to be in default if the Equipment is obtained from Herc through fraud or misrepresentation or is used: (A) in violation of any law or ordinance; (B) in a reckless, negligent or abusive manner, or is intentionally damaged by Customer or with Customer's permission; (C) in violation of Paragraph 4 above, or (D) in any fashion or manner for which the Equipment was not designed or beyond the manufacturer's rated capacity for the Equipment.

7. REMEDIES OF HERC. In case of default by Customer, or if Herc deems itself insecure, Herc may, but is not required to, peaceably enter the premises where the Equipment is located and render it inoperative or remove same with or without process of law and without any notice or liability to Customer. Customer hereby waives any right to any hearing or to receive any notice of legal process, as a pre-condition for Herc recovering the Equipment. Customer agrees to permit such entry and action by Herc. In such case Herc may also terminate this Agreement without notice to Customer or prejudice to any remedies or claims which Herc might otherwise have for rent, expense of making, court costs and reasonable attorney's fees. Customer will remain liable for the Equipment or for any loss or injury to the Equipment, notwithstanding such termination. Herc shall have the right to issue and circulate theft notices, cause warrants to be issued and take any other steps which Herc may reasonably deem necessary to recover the Equipment, if the Equipment is not returned on the date specified on the Front or sooner as permitted by the terms of this Agreement. The remedies provided herein in favor of Herc are not exclusive, but shall be cumulative and in addition to all other remedies existing at law or in equity, any one or more of which may be exercised simultaneously or successively.

8. RENTAL PROTECTION PLAN. NOTE: The "Rental Protection Plan" option ("RPP") is not insurance; it is an option that Herc offers You to limit Your liability for loss or damage to the Equipment that You have rented from Herc. If You do not accept RPP when offered by Herc, You are responsible to cover the Equipment with insurance as set forth below and pay to Herc the Full Value of the Equipment at the time it is lost or damaged. The benefit from this RPP is limited by the deductible and excludes the specific conditions or events shown in subparagraph (b).

(a) If You comply with this Agreement, including the provisions of paragraphs 2 and 3, and if Herc in its discretion has offered to You, and You have accepted, RPP, then Herc agrees to waive, to the extent specified in this paragraph 8, Your responsibility for loss of or damage to the Equipment to the extent that it exceeds the deductible shown on the Rental Record. You are responsible under this Agreement for the loss of or damage to the Equipment up to the amount of the deductible. AND YOU MUST NOT ACCEPT IT IF YOU elect to shorten the duration of Your rental or if You did equipment to the rental. You can only accept RPP at or prior to the beginning of the Rental Term. NOTWITHSTANDING ANY NOTATION ON THE RENTAL RECORD, RPP IS NOT OFFERED ON OR AVAILABLE FOR THE RENTAL OF A PASSENGER MOTOR VEHICLE.

(b) NOTWITHSTANDING YOUR ACCEPTANCE OF RPP, YOUR RESPONSIBILITY FOR LOSS OR DAMAGE WILL NOT BE LIMITED BY SUBPARAGRAPH (a) TO THE EXTENT SUCH LOSS OR DAMAGE RESULTS FROM AN AUTHORIZED OPERATOR'S OR ANY PERSON'S NEGLIGENCE OR FROM:

- (i) striking an overhead object with the Equipment;
- (ii) vandalism, malicious mischief, theft or conversion of the Equipment, unless an Authorized Operator promptly files with the applicable public authorities (and promptly provides to Herc) a formal written theft, vandalism or conversion report;
- (iii) leaving keys, if any, in the Equipment while that Equipment is not locked or otherwise secured, regardless of whether or not a report was filed pursuant to paragraph 8(b)(ii);
- (iv) exposure to corrosive materials;
- (v) overloading of a boom, exceeding rated capacity of equipment;
- (vi) Your failure to perform any of Your obligations under this Agreement, including those set forth in paragraphs 2, and 4;
- (vii) damage due to acts of God, such as floods, wind, storms or earthquakes;
- (viii) Damage to tires and tubes caused by blow out, bruises, cuts, punctures or other causes inherent in the use of the Equipment;
- (ix) Damage to motor vehicles without a police report; or
- (x) Damage to passenger vehicles such as SUV's or vans.

(c) In the event of loss or damage to the Equipment, You are required to cooperate with Herc's investigation of any incident involving the Equipment, and complete an RPP incident Report.

(d) RPP IS OPTIONAL. AND YOU NEED NOT ACCEPT IT IF HERC OFFERS IT TO YOU. TO THE EXTENT HERC DOES NOT OFFER RPP TO YOU, OR YOU DO NOT ACCEPT RPP, YOU MUST MAINTAIN THE INSURANCE COVERAGE REQUIRED BY PARAGRAPH 9(b). If You elect to maintain insurance coverage, and the certificate of insurance you provide to Herc to evidence your insurance coverage is unacceptable to Herc or the applicable policies expire, You agree that Herc may charge RPP for your rentals until such time as You provide an acceptable and valid certificate of insurance and such matters are corrected to Herc's reasonable satisfaction.

9. INSURANCE. (a) Liability Insurance for Injury/Damage to Third Parties - Customer will, at its own expense and at all times during the term of this Agreement, maintain in force applicable liability insurance policies as described below, each of which shall include, at a minimum, limits of liability written on a combined single limit basis of not less than \$1,000,000 per occurrence; (1) for Equipment rental not including motor vehicles, a Commercial General Liability Insurance Policy which must include contract liability coverage; and (2) if the Equipment rental includes motor vehicles, a Business Automobile Liability Insurance Policy which must include coverage for non-owned motor vehicles. In the states of Arizona, Maryland, Massachusetts, Michigan, Minnesota and West Virginia, coverage provided by the Customer's Business Automobile Liability Insurance Policy shall be excess of ownership liability protection as provided by Herc on a primary basis, with such protection not to exceed the minimum limits required by the automobile financial responsibility laws of the applicable state noted above. Such protection will conform to the basic requirements of the applicable No Fault law, BUT DOES NOT INCLUDE UNINSURED/UNDERINSURED MOTORIST, SUPPLEMENTARY NO FAULT OR ANY OTHER OPTIONAL COVERAGE. TO THE EXTENT PERMITTED BY LAW, HERC AND CUSTOMER REJECT THE INCLUSION OF ANY SUCH COVERAGE. If such coverage is imposed by operation of law, then the limits of such coverage will be the minimum required by the law of the applicable state noted above.

(b) Property Insurance/Physical Damage Insurance (Herc Equipment) - If RPP is not offered by Herc to You, or You do not accept RPP, You will, at Your own expense and at all times during the term of this Agreement, maintain in force Property Insurance/Physical Damage Insurance in an amount adequate to cover any damage to, or loss of, the Equipment being rented under this Agreement. Your policies must expressly provide coverage for non-owned Equipment, including motor vehicles (if applicable), while in Your care, custody and control.

(c) Evidence of Coverage - You will, on demand, furnish Herc with a Certificate of Insurance evidencing the applicable coverages more fully described in subparagraphs (a) and (b) just above. Such certificate(s) shall be endorsed to provide that the applicable insurance policies may not be canceled or materially modified except on thirty (30) days prior written notice to Herc at the Herc branch identified on the Front.

10. INDEMNIFICATION. For and in addition to consideration of providing the Equipment herein, CUSTOMER WILL DEFEND, INDEMNIFY AND HOLD HARMLESS HERC, ITS SUBSIDIARIES, PARENT COMPANY AND ITS AND THEIR OFFICERS, AGENTS AND EMPLOYEES, FROM AND AGAINST ALL LOSS, LIABILITY, CLAIM, ACTION OR EXPENSE, INCLUDING REASONABLE ATTORNEYS' FEES, BY REASON OF BODILY INJURY, INCLUDING DEATH, AND PROPERTY DAMAGE, SUSTAINED BY ANY PERSON OR PERSONS, INCLUDING BUT NOT LIMITED TO EMPLOYEES OF CUSTOMER, AS A RESULT OF THE MAINTENANCE, USE, POSSESSION, OPERATION, ERECTION, DISMANTLING, SERVICING OR TRANSPORTATION OF THE EQUIPMENT OR MOTOR VEHICLE OR CUSTOMER'S FAILURE TO COMPLY WITH THE TERMS OF THIS AGREEMENT, EVEN IF SUCH LIABILITY RESULTS IN ANY PART FROM THE ORDINARY BUSINESS OF HERC, ITS OFFICERS, AGENTS OR EMPLOYEES. CUSTOMER WILL, AT ITS EXPENSE, COMPLY WITH ALL FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS AFFECTING THE EQUIPMENT AND ITS USE, OPERATION, ERECTION, DESIGN AND TRANSPORTATION, INCLUDING WITHOUT LIMITATION, LICENSING AND BUILDING CODE REQUIREMENTS AND WILL DEFEND, INDEMNIFY AND HOLD HERC HARMLESS FROM ALL LOSS, LIABILITY OR EXPENSE RESULTING FROM ACTUAL OR ALLEGED VIOLATIONS OF ANY SUCH LAWS, REGULATIONS OR REQUIREMENTS.

11. NOTICE OF LOSS OR ACCIDENT. In the event of an accident, loss of, theft of, or damage to the Equipment, Customer agrees to notify Herc as soon as possible by telephone and, thereafter, to immediately report in writing to Herc and to the public authorities (where required by law or by Herc) all necessary information relating to the loss or accident.

12. CONDITION OF THE EQUIPMENT. Customer acknowledges having examined the Equipment upon its delivery to Customer. The Equipment shall be deemed to be accepted by Customer upon delivery and subject to the terms and conditions of this Agreement if Customer does not notify Herc in writing within 48 hours of delivery of the Equipment of any problem with the Equipment. If, during Customer's possession of the Equipment, it is found by Customer not to be in good mechanical condition, as a result of conditions not the responsibility of Customer, nor caused by the fault or negligence of Customer or Customer's employees or agents, Customer will notify Herc, whereupon Herc will then, at its option and without any other liability or responsibility by Herc to Customer: (a) repair or suitably replace the Equipment within a reasonable time during Herc's normal working hours, with the commencement or running of the terms of this Agreement to be tolled for the period the Equipment is "down"; or (b) remove the Equipment and terminate this Agreement and refund payments of rental charges, if any, for the unexpired term of the Agreement, less whatever is due Herc for damage to or maintenance of Equipment which is the responsibility of Customer. Customer agrees to provide full access to the Equipment to Herc's representatives so as to enable Herc to meet its responsibilities hereunder.

THE FOREGOING IS IN LIEU OF (1) ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; AND OF (2) ALL OBLIGATIONS OR LIABILITIES ON THE PART OF HERC TO CUSTOMER FOR DAMAGES, INCLUDING BUT NOT LIMITED TO, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE RENTING, MAINTENANCE, USE, OPERATION, STORAGE, ERECTION, DISMANTLING OR TRANSPORTATION OF THE EQUIPMENT.

13. LATE PAYMENT FEE. Should Customer fail to pay any invoice to Herc in accordance with the terms of such invoice, Customer will pay a late payment fee to Herc on such delinquent payment until fully paid, at the maximum rate allowed by the laws of the jurisdiction in which the Herc location specified on the Front is located.

14. FUELING SERVICE CHARGE. Herc agrees to provide the Equipment to Customer with full fuel tanks. Customer agrees to return the Equipment with full fuel tank(s). If Customer returns the Equipment with the fuel tank(s) less than full, Customer will pay to Herc a sum equal to Herc's then applicable refueling service charge posted at Herc's location where the Equipment is returned for the number of gallons required to refill the tank(s) at the time of return.

15. MERGER/MODIFICATION/SEVERABILITY. This Agreement expresses the entire agreement between the parties with respect to the subject matter hereof. No modification or alteration of the terms hereof will be effective as against Herc unless same is in writing and signed by a duly authorized officer of Herc. Customer's execution of this Agreement and acceptance of the Equipment in accordance with Section 12 hereof shall constitute Customer's acceptance of all of the terms and conditions contained herein, and the exclusion of any terms and conditions otherwise stated by Customer or contained in any of Customer's documents that conflict with or limit in any way any of the terms and conditions contained herein. The paragraph headings contained in this Agreement are for convenience only and will not be used to expand or limit the actual terms and conditions hereof.

This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware without regard to its rules of conflict of laws. Customer irrevocably and unconditionally consents to submit to the sole and exclusive jurisdiction of the state and federal courts within the State of Delaware (the "Delaware Courts") for any litigation arising out of or relating to this Agreement and the transactions contemplated hereby, and waives any objection to the laying of venue and forum in the Delaware Courts. If any provision, or any part of any provision of this Agreement or the application thereof is hereafter held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and to this end the provisions of this Agreement are declared severable.



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

May 20, 2020

Subject: Proposed UltiPro Extended Services Supplement to the Ultimate Software Group, Inc. SaaS Agreement with The Ultimate Software Group, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed UltiPro Extended Services Supplement with our current Human Resources Information Systems' vendor, Ultimate Software Group, Inc., for software with the purpose of designing and building Business Intelligence (BI) deliverables for Kern Medical. BI deliverables include reports, alerts, and dashboards that utilizes Kern Medical employee data, as well as modification requests for existing reports. With this service, the Human Resource team can request 10 deliverables per year. The solution allows Kern Medical to request advanced reports related to Human Resources that meet the business needs of the organization.

A recent amendment to terminate the Test Environment software released the Authority from its contractual obligation to pay an annual subscription of \$17,955. The amendment to terminate the Test Environment software is contingent on the addition of this Extended Services Supplement.

Term:

The proposed Supplement will extend the current Agreement term from November 13, 2021 to August 12, 2022.

Costs associated with Supplement: \$38,784 – (\$19,392 per year)

Total Annual Cost of Agreement without Supplement - \$464,141

Total Annual Cost of Agreement with Supplement and without Test Environment Software- \$465,578

Counsel is unable to approve as to form due to non-standard terms which include the inability to terminate the Supplement without cause and the auto-renewal of the Supplement term.

Even with these issues, Kern Medical recommends that your Board approve the proposed UltiPro Extended Services Supplement with our current Human Resources Information Systems' vendor, Ultimate Software Group, Inc., in an amount not to exceed \$38,784 for the additional software services.

**UltiPro Extended Services Supplement
to
The Ultimate Software Group, Inc.
SaaS Agreement**

This UltiPro Extended Services Supplement (hereafter "Supplement") dated as of May 20, 2020 ("Effective Date"), by and between The Ultimate Software Group, Inc. (hereafter "Ultimate Software") and Kern County Hospital Authority (hereafter "Customer").

Whereas, Ultimate Software and Customer entered into The Ultimate Software Group, Inc. SaaS Agreement with an effective date of April 18, 2016 (hereafter "SaaS Agreement"), along with various addenda, supplements, amendments, etc. to same (hereinafter collectively referred to as the "Agreement");

Whereas, Customer has elected to have Ultimate Software provide certain **UltiPro Extended Services ("ES")** each option as applicable as more fully set forth in the attached Exhibit 1 which is incorporated by reference and made a part hereof.

Now Therefore, the Parties agree to supplement the Agreement as follows:

1. **Pricing Schedule:**

UltiPro Extended Services includes the following:

- o ES Analytics Development Services

Current number of Compensated Employees: – 2,100

A. Subscription Fees:

- (i) ES Analytics Development Services
\$19,392.00 per annum (\$4,848.00 per quarter, billed quarterly)

In addition, subsequent to the Initial Term, Ultimate Software may increase the fees herein pursuant to the increase provision as set forth in the Agreement.

2. **Payment Terms:**

Subscription Fee

The Subscription Fee is due quarterly and invoiced thirty (30) days in advance of the quarter. The amount due on August 13, 2020 is payment for the quarter commencing on August 13, 2020. \$4,848.00

3. **Term and Termination:** The term of this Supplement will commence on the Effective Date of this Supplement and shall continue for a period of twenty-four (24) months from August 13, 2020 (the "Initial Term"). This Supplement may not be terminated during the Initial Term except for an uncured breach by either party as set forth in the Agreement. This Supplement will automatically renew for successive renewal terms of one (1) year each. The Customer may terminate this Supplement only after the Initial Term by serving written notice of its intention at least forty-five (45) days prior to the date of the next such renewal period. In the event the Agreement terminates in its entirety prior to expiration of the Initial Term or any renewal term, this Supplement shall terminate in its entirety on the date the Agreement terminates. Upon termination of this Supplement, all rights granted to Customer will terminate and revert to Ultimate Software.

4. All other terms and conditions of the Agreement are incorporated by reference into this Supplement, made a part hereof, are reaffirmed and remain unchanged by this Supplement.

5. The parties agree that any signature (including but not limited to any electronic symbol attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record) hereto shall have the same legal validity and enforceability as a manually executed signature to the fullest extent permitted by applicable law, and the parties hereby waive any objection to the contrary. This Supplement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original of this Supplement but all counterparts together, shall constitute one and the same instrument. Each counterpart may be executed by electronic signature or manual signature. Delivery of an executed counterpart of this Supplement by telecopier or facsimile transmission or other electronic means shall be effective as delivery of a manually executed counterpart of this Supplement.

IN WITNESS WHEREOF, the Parties have hereto by their duly authorized representatives executed this Supplement.

Kern County Hospital Authority

The Ultimate Software Group, Inc.

By:

By:

Name: Russell Bigler

Name:

Title: Chairman, Board of Governors

Title:

Date:

Date:

KER1002

REVIEWED ONLY
NOT APPROVED AS TO FORM

By 
Legal Services Department

EXHIBIT 1

ES Analytics Development Services

Ultimate Software will provide Customer with ES Analytics Development Services as referenced in Section 1 "Pricing Schedule" utilizing the Customer's production SaaS environment as follows.

Ultimate Software will design and build Business Intelligence ("BI") deliverables for Customer. Maintenance is included for BI deliverables produced by Ultimate Software as specified below.

BI deliverables include reports, alerts, and dashboards that utilize Customer Data, as well as modification requests for existing reports, alerts, and dashboards that utilize Customer Data. Each of the following are examples of BI deliverables under this Supplement:

- A new report = 1 deliverable
- A new alert = 1 deliverable
- A new dashboard = 1 deliverable per subject area
- A modification to an existing report, alert or dashboard = 1 deliverable.

Ultimate Software will maintain BI deliverables produced under this Supplement as long as this Supplement is in effect.

"Maintenance" includes*:

- BI deliverables not functioning properly according to the most recent Supplement for that BI deliverable.
- Changes to the UltiPro SQL database schema
- Changes to the Cognos meta frame structure

* Upgrade migrations for major Cognos releases is not considered "Maintenance" for BI deliverables.

Process to Request BI deliverable

- Customer will open a Service Request via the Customer Success Portal to request each BI deliverable.
- Ultimate Software will review the request and work with the Customer to solidify requirements, create a specification, and set a delivery date.
- Ultimate Software will create the BI deliverable, test the BI deliverable in Customer's production SaaS Environment and release BI deliverable to Customer for acceptance testing.
- Customer will sign off indicating Customer's reasonable acceptance of BI deliverable in writing to Ultimate Software within thirty (30) days of Customer's receipt of each BI deliverable ("Acceptance Period"). In the event Customer does not provide written acceptance or issues related to each BI deliverable within the Acceptance Period, then that BI deliverable shall be deemed accepted.

Assumptions & Exclusions for ES Analytics Development Services:

- Service fees in this Supplement are for BI deliverables and associated labor only.
- The ES Analytics Development Services herein do not include testing system upgrades.
- Requests for additional BI deliverables that exceed the ten (10) BI deliverables per each twelve (12) month period will be priced and processed separately.
- BI deliverables will be tracked for each "Term" defined as each twelve (12) month term commencing on the Effective Date.
- BI deliverables for each given Term must be used during the then current Term. Any BI deliverables not used by end of each annual Term will be forfeited.
- Customer will be limited to submit up to three (3) requests concurrently. Upon completion and acceptance of each BI deliverable, Customer will be eligible to submit a subsequent request.
- Ultimate Software reserves the right to modify and enhance the scope of this Service including, but not limited to, increases as set forth in the Agreement. Customer will be notified at least sixty (60) days prior to the end of a renewal term about any planned changes to this Service. Ultimate Software shall make changes that are equivalent or better and will not downgrade the ES Analytics Development Services offered to Customer as of the Effective Date.



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

May 20, 2020

SUBJECT: Proposed retroactive Amendment No. 4 to Agreement #1119-2009 for Professional Services with Language Line Services, Inc., for video and telephone interpreter services

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board retroactively approve Amendment No. 4 to the Agreement for Professional Services with Language Line Services, Inc., which provides video and telephone interpreter services for multiple languages and American Sign Language for Kern Medical inpatient and outpatient services. This Amendment is retroactive because it was not captured in our new contract tracking software that was implemented recently. Our primary vendor for interpretation, Health Care Interpreter Network (HCIN), requires Kern Medical to have a secondary source for languages unavailable through HCIN and for occasions of increased volume; we currently use Language Line Services, Inc. for that purpose.

This proposed Amendment extends the term for an additional one year, from December 14, 2019 to December 13, 2020. During this time, Kern Medical will evaluate the new system used by Language Line Services, and make certain the system is user friendly for Kern Medical before a new Agreement is executed. The proposed Amendment also increases the maximum payable by \$270,000, from \$2,000,000 to \$2,270,000, to cover the extended term.

Therefore, it is recommended that your Board retroactively approve Amendment No. 4 to the Agreement with Language Line Services, Inc., extending the term for one year from December 14, 2019 through December 13, 2020, increasing the maximum payable by \$270,000, from \$2,000,000 to \$2,270,000, to cover the extended term, effective December 14, 2019, and authorize the Chairman to sign.

**AMENDMENT NO. 4 TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Language Line Services, Inc.)**

This Amendment No. 4 to the Agreement for Professional Services Independent Contractor (“Amendment No.4”) is entered into this _____ day of _____, 2020, by and between the Kern County Hospital Authority (“Authority”), a local unit of government, which owns and operates Kern Medical Center (“KMC”) and Language Line Services, Inc., a Delaware corporation (“Contractor”).

RECITALS

A. Contractor and KMC have heretofore entered into an Agreement for Professional Services (Kern County Agt. #1119-2009, effective December 14, 2009), an Amendment No. 1 (Kern County Agt. #025-2013, effective January 15, 2013), Amendment No. 2 (Kern County Agt. #921-2013, dated December 9, 2013), Assignment of Agreement from the County of Kern to the Kern County Hospital Authority (Kern County Agt. #282-2016, dated March 1, 2016), and Amendment No. 3 (Authority Agt. # 2017-043, dated June 21, 2017) for the period of December 14, 2009 through December 13, 2019 (“Agreement”), to provide telephonic Interpreter Services; and

B. The Agreement expired on December 13, 2019; and

C. KMC continues to require the services of Contractor and Contractor has agreed to continue to provide such services; and

D. The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and

F. The Agreement is amended effective December 14, 2019;

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 follow:

1. **Section 1, TERM OF AGREEMENT** shall be deleted in its entirety and superseded by the following:

“1. **TERM OF AGREEMENT.** The term of this Agreement shall be effective on December 14, 2009 and, unless terminated as provided in Section 13 below, shall be for a period not to exceed eleven (11) years with a termination date of December 13, 2020.”

2. **Section 3. A, PAYMENT AMOUNT**, shall be deleted in its entirety and superseded by the following:

“**3.A PAYMENT AMOUNT.** The total payment for services under the terms and conditions of this Agreement shall not exceed Two Hundred Thousand Dollars (\$200,000) for each year of the Agreement from December 14, 2009 through December 13, 2019, and Two Hundred Seventy Thousand Dollars (\$270,000) for the year of the Agreement from December 14, 2019 through December 13, 2020, and shall not exceed the amount of Two Million, Two Hundred Seventy Thousand Dollars (\$2,270,000) for the eleven (11) year term of the Agreement.”

3. Except as otherwise defined herein, all capitalized terms used in this Amendment No. 4 have the meaning set forth in the Agreement.

4. This Amendment No. 4 shall be governed by and construed in accordance with the laws of the state of California.

5. This Amendment No. 4 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 and any and all amendments thereto shall remain in full force and effect.

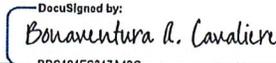
[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the Parties have executed this Amendment No. 4 as of the day and year first written above.

KERN COUNTY HOSPITAL AUTHORITY

LANGUAGE LINE SERVICES, INC.

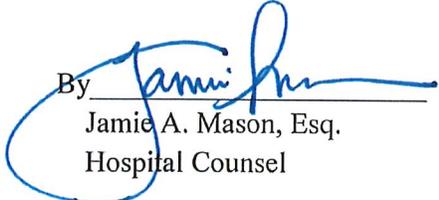
By _____
Chairman
Board of Governors

By 
Printed Name: Bonaventura A. Cavaliere
Title/Position: CFO

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By 
Toni Smith, R.N.
Chief Nursing Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By 
Jamie A. Mason, Esq.
Hospital Counsel



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

May 20, 2020

Subject: Comments Regarding Budget Variances – March 2020

Recommended Action: Receive and File

Summary:

COVID-19 Impact on Kern Medical Operations:

- The COVID-19 pandemic has impacted Kern Medical’s key performance indicators as follows:
 - Average Daily Census of 118 for March is 15 less than the March budget of 133 and 19 less than the year-to-date average census of 137 per month
 - Admissions of 751 for March is 84 less than the March budget of 835 and 39 less than the year-to-date average admissions of 790 per month
 - Outpatient Surgeries of 217 for March are 42 less than the March budget of 259 and 63 less than the year-to-date average of 280 outpatient surgeries per month
 - Clinic Visits of 12,429 in March is 1,007 less than the March budget of 13,436 and 128 less than the year-to-date average of 12,557 per month

Although key volumes for the month are unfavorable compared to plan, Kern Medical has maintained the staffing levels necessary to adequately provide coverage for a surge in pandemic activity if necessary. In addition, Kern Medical is participating in all emergency funding programs available at the county, state, and federal levels to offset lost revenue and increased expenses that may be realized due to the COVID-19 issue.

Another material item impacting the March financials is the one-time recognition of \$14.9M of indigent revenue from the Low Income Health Program (LIHP). The state settled several prior years for this program date back to fiscal year 2008. Kern Medical was advised in fiscal year 2019 that all prior fiscal years were closed for the LIHP program; therefore, there was no accrual in place on the balance sheet to account for these settlements. Without the \$14.9M of LIHP revenue, Kern Medical would realize a net loss for the month of March of (\$2.544M) and negative EBIDA of (\$1.584M).

The following items have budget variances for the month of March 2020:

Patient Revenue:

- Gross patient revenue has a favorable month-to-date and year-to-date budget variance primarily because of improved revenue cycle efficiency.

Indigent Funding:

- Indigent funding is over budget for the month and on a year-to-date basis due to state settlements of the Low Income Health Program (LIHP) for prior fiscal years. The settlements date back throughout the past 12 years to fiscal year 2008. Kern Medical relieved the only remaining LIHP accrual from its balance sheet last year with the understanding that the program was closed. However, the current settlements are for the LIHP predecessor programs Health Care Coverage Initiative (HCCI) and Coverage Initiative (CI). The net income realized from these settlements is \$14.9 million.

Capitation Premium Revenue:

- Capitation premium revenue for March has an unfavorable budget variance due to a change in the estimated amount of capitation revenue expected to be received for fiscal year 2020. The estimate is based on a negotiated reimbursement rate paid to Kern Medical by Kern Health Systems for patients covered by managed Medi-Cal health plans implemented as part of the Affordable Care Act that are administered by Kern Health Systems and assigned to Kern Medical for health care services.

Other Operating Revenue:

- Other operating revenue has a favorable variance for the month due to higher than average medical education tuition fees received and the receipt of pay-for-performance funds from Health Net. On a year-to-date basis, actual other operating revenue is even with the budgeted dollar amount.

Salaries Expense:

- Salaries expense is over budget for the month and on a year-to-date basis primarily because the salaries for management and supervision, registered nurses, and aides and attendants have been consistently more than budget throughout the year.

Registry Nurse Expense:

- Registry nurse expense for the month is even with the budget amount, but has an unfavorable budget variance on a year-to-date basis. Kern Medical continues to rely on contracted nurse staffing to supplement the nursing departments while maintaining nurse recruiting efforts.

Medical Fees:

- Medical fees are at the budgeted amount for the month. On a year-to-date basis medical fees are under budget due to a decrease in contracted physician services used by the Behavioral Health Department.

Other Professional Fees:

- Other professional fees are even with the budgeted amount for the month. On a year-to-date basis, other professional fees have a favorable budget variance because of the reclassification of Information Technology (IT) contract labor staff expense. IT contract labor expense that pertains to the Cerner EHR implementation project is reclassified from expense and into the Cerner capital project each month. In addition, 25 individuals that were previously contract laborers across several different departments have been hired by Kern Medical as full-time employees. Therefore, the labor expense for these individuals is now reported under salaries and benefits expenses.

Supplies Expense:

- Supplies expenses are under budget for the month because of lower than average costs for pharmaceuticals and other medical supplies. Supplies costs have a slightly favorable variance on a year-to-date basis as well.

Purchased Services:

- Purchased services are over budget for March due to an invoice from new vendor Scorpion Healthcare, LLC and an under accrual in prior month for Quest Imaging. On a year-to-date basis, the unfavorable variance is primarily due to the fact that Trans-West Security expense was budgeted low for FY 2020.

Other Expenses:

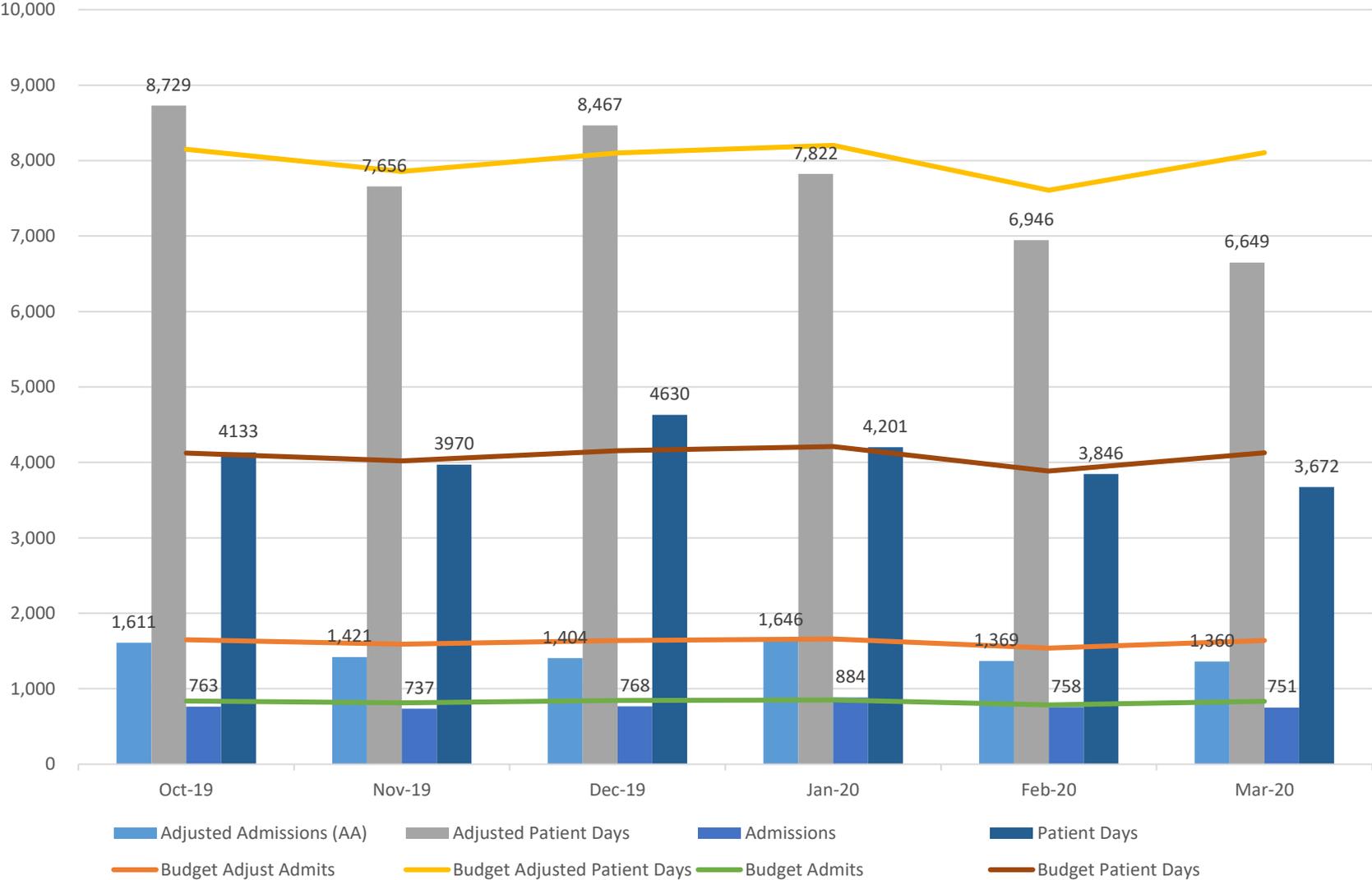
- Other expenses are at the budgeted amount for the month. On a year-to-date basis, other expenses are under budget due to lower than average repairs and maintenance expenses.



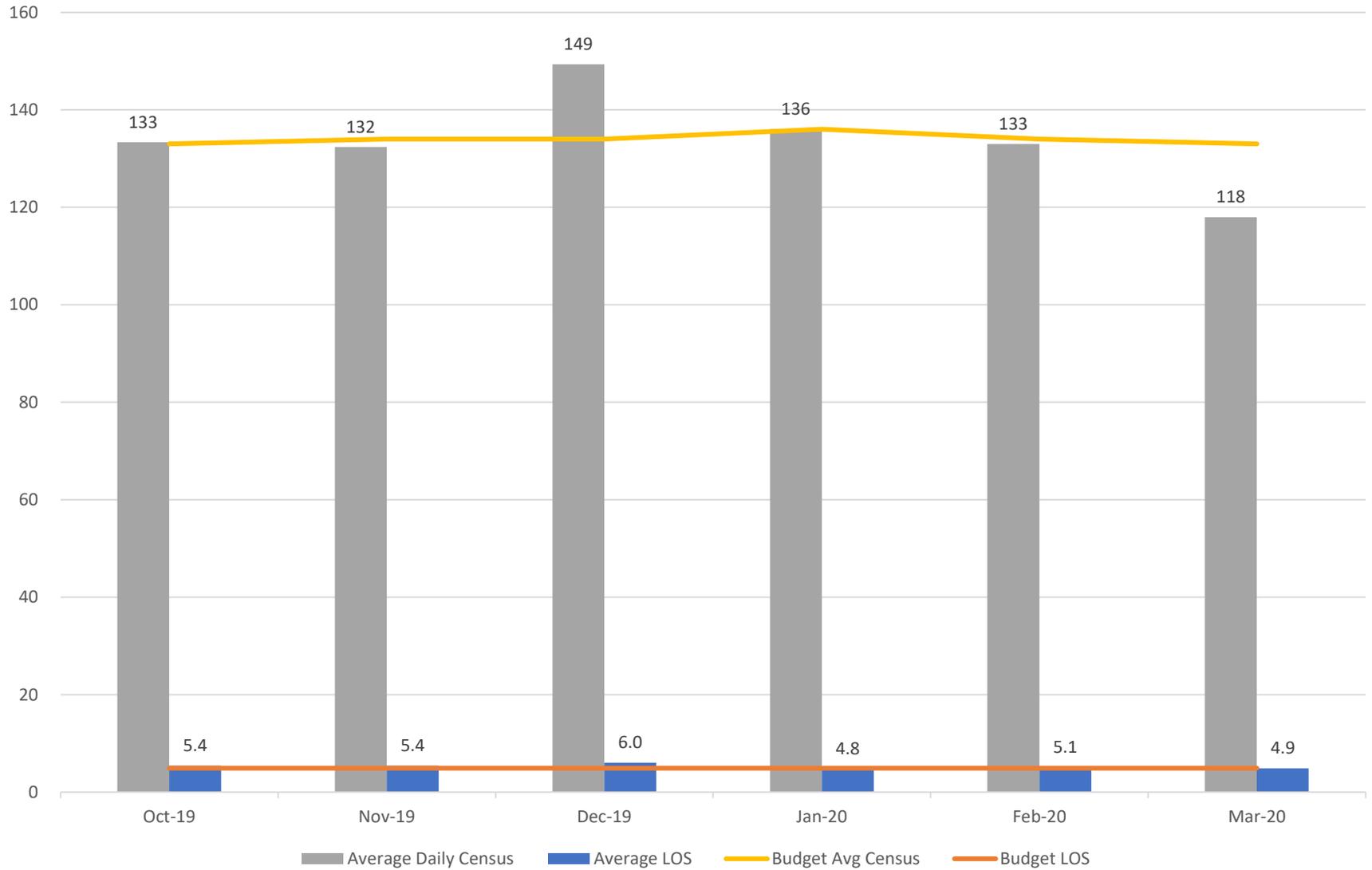
**BOARD OF GOVERNORS' REPORT
KERN MEDICAL – MARCH 2020**

May 2020

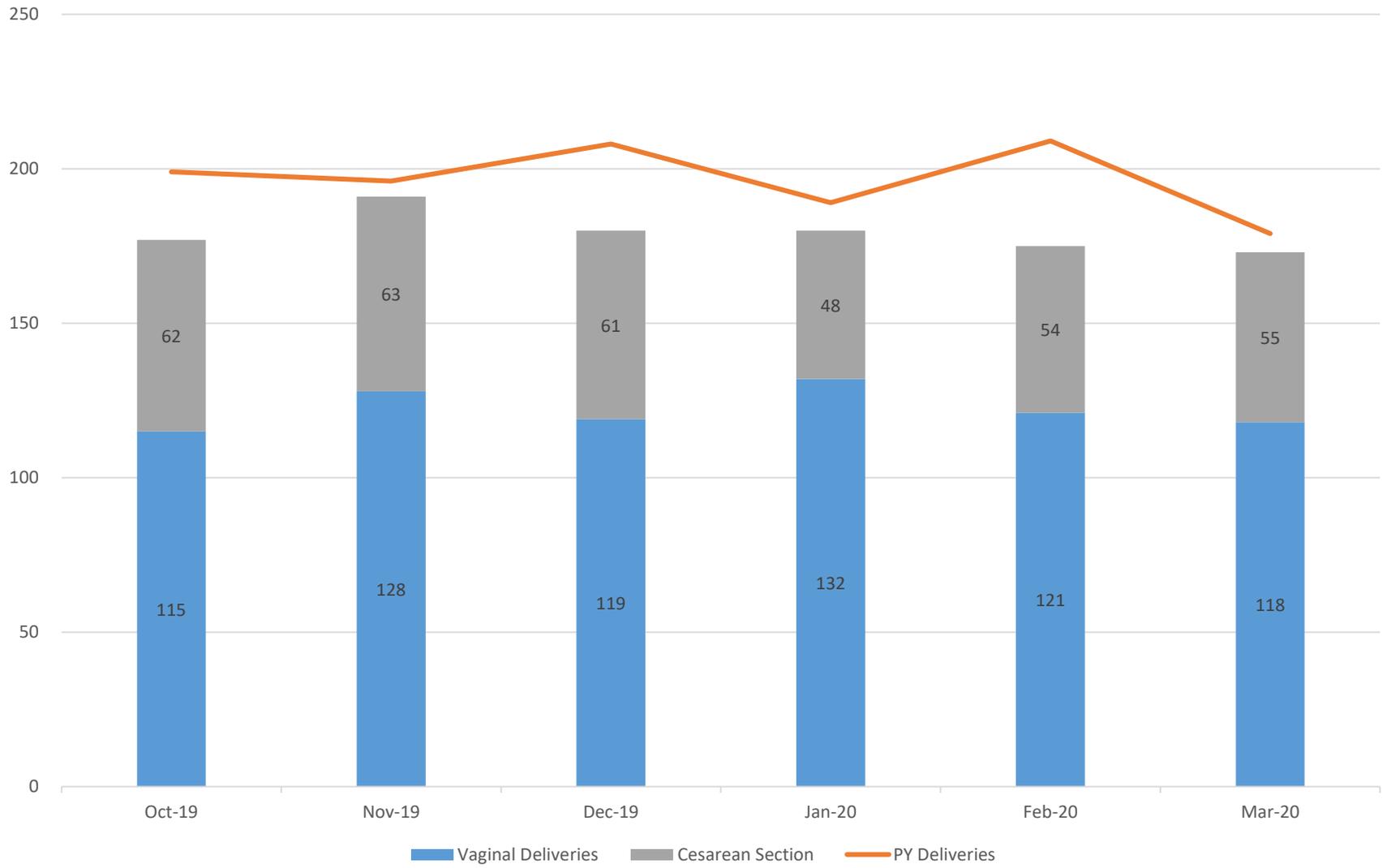
Hospital Volumes



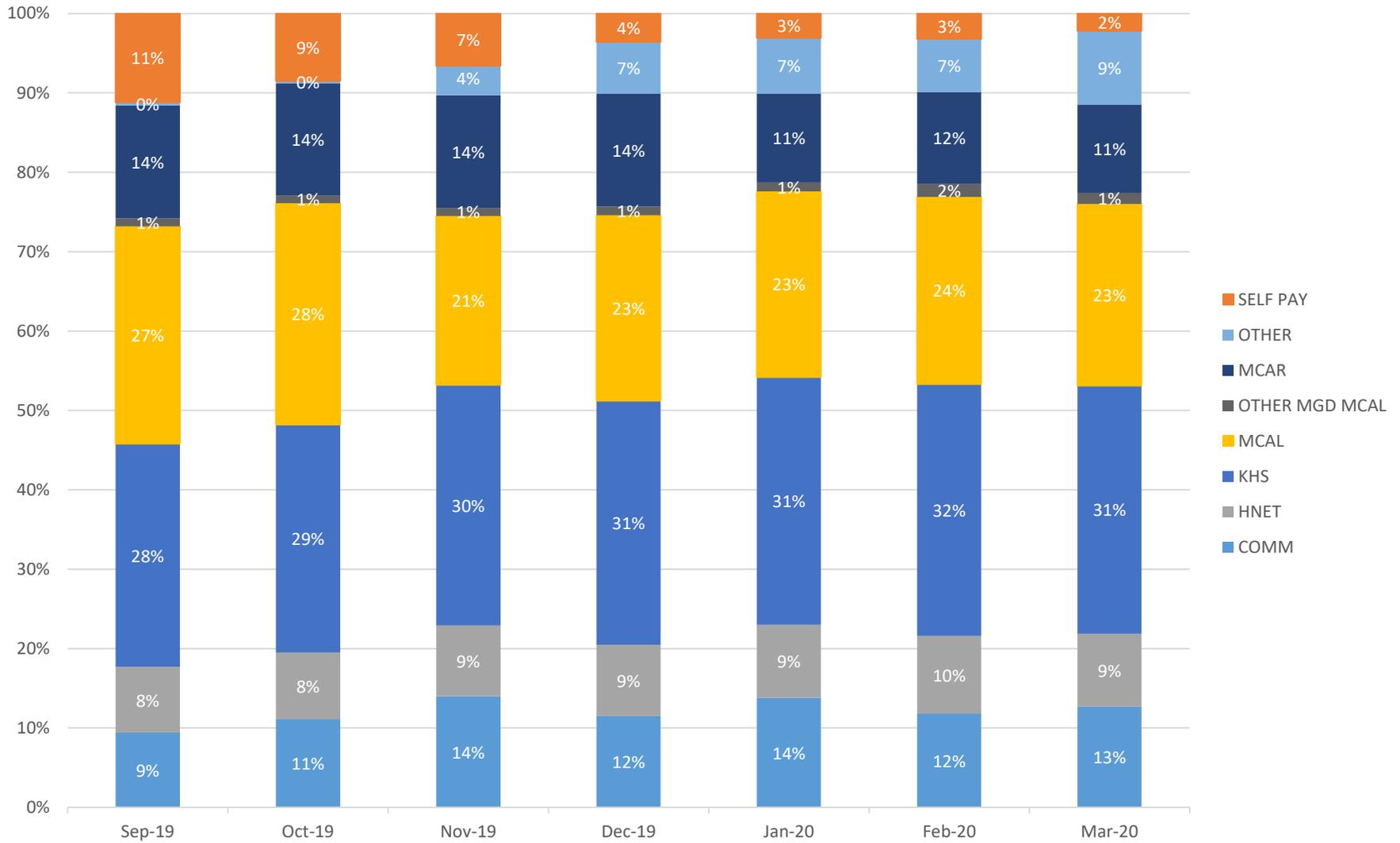
Census & ALOS



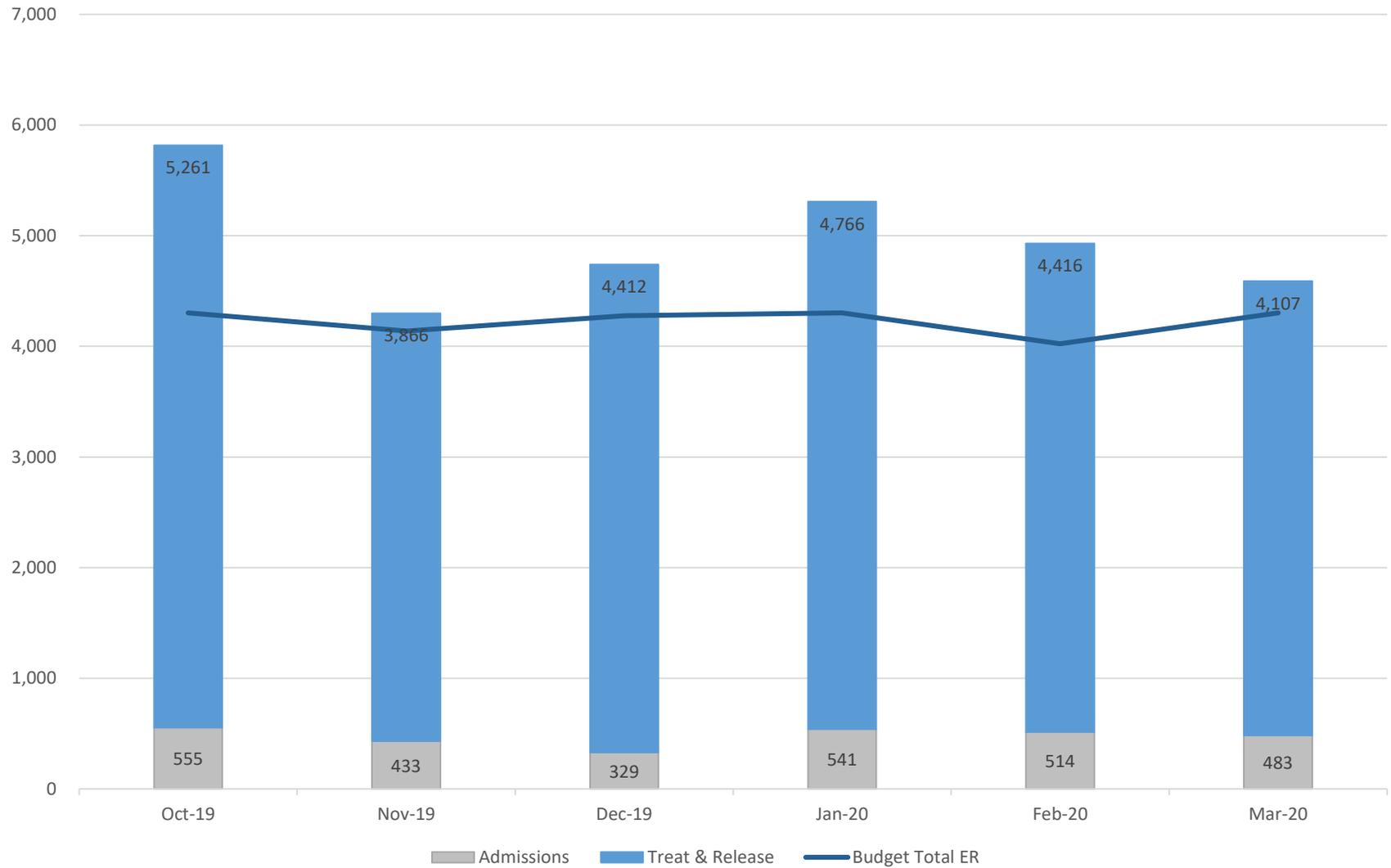
Deliveries



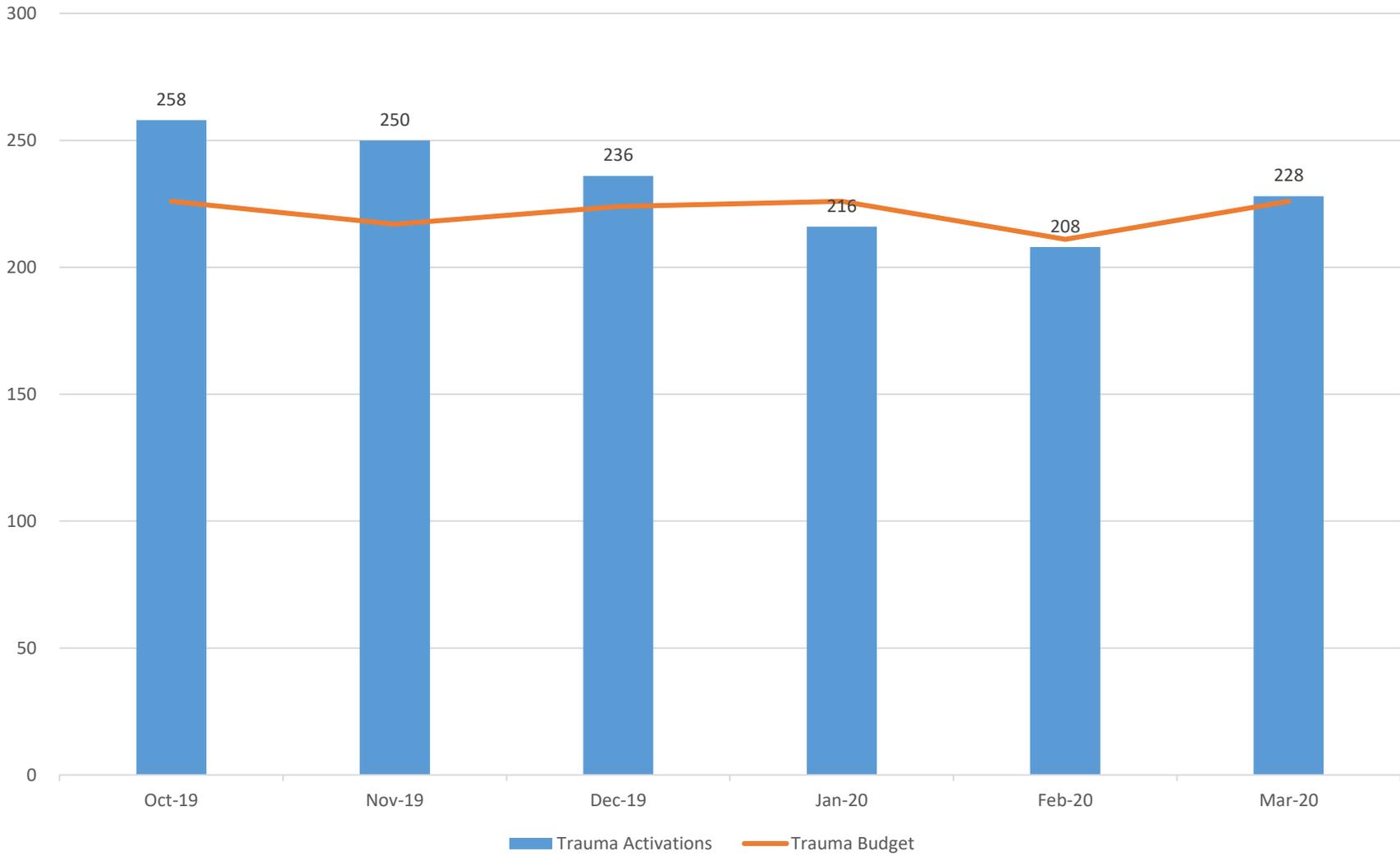
PAYER MIX



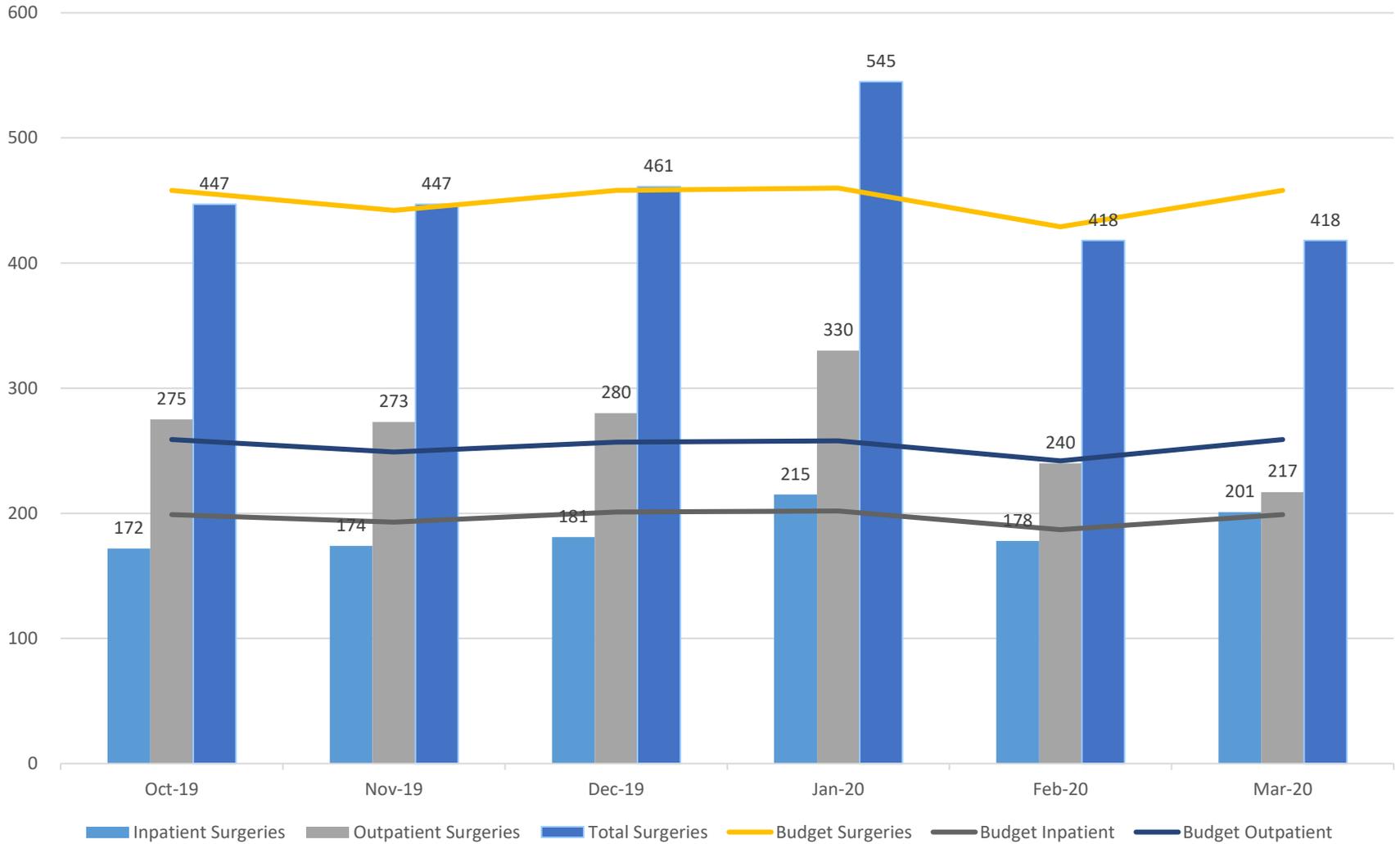
Emergency Room Volume



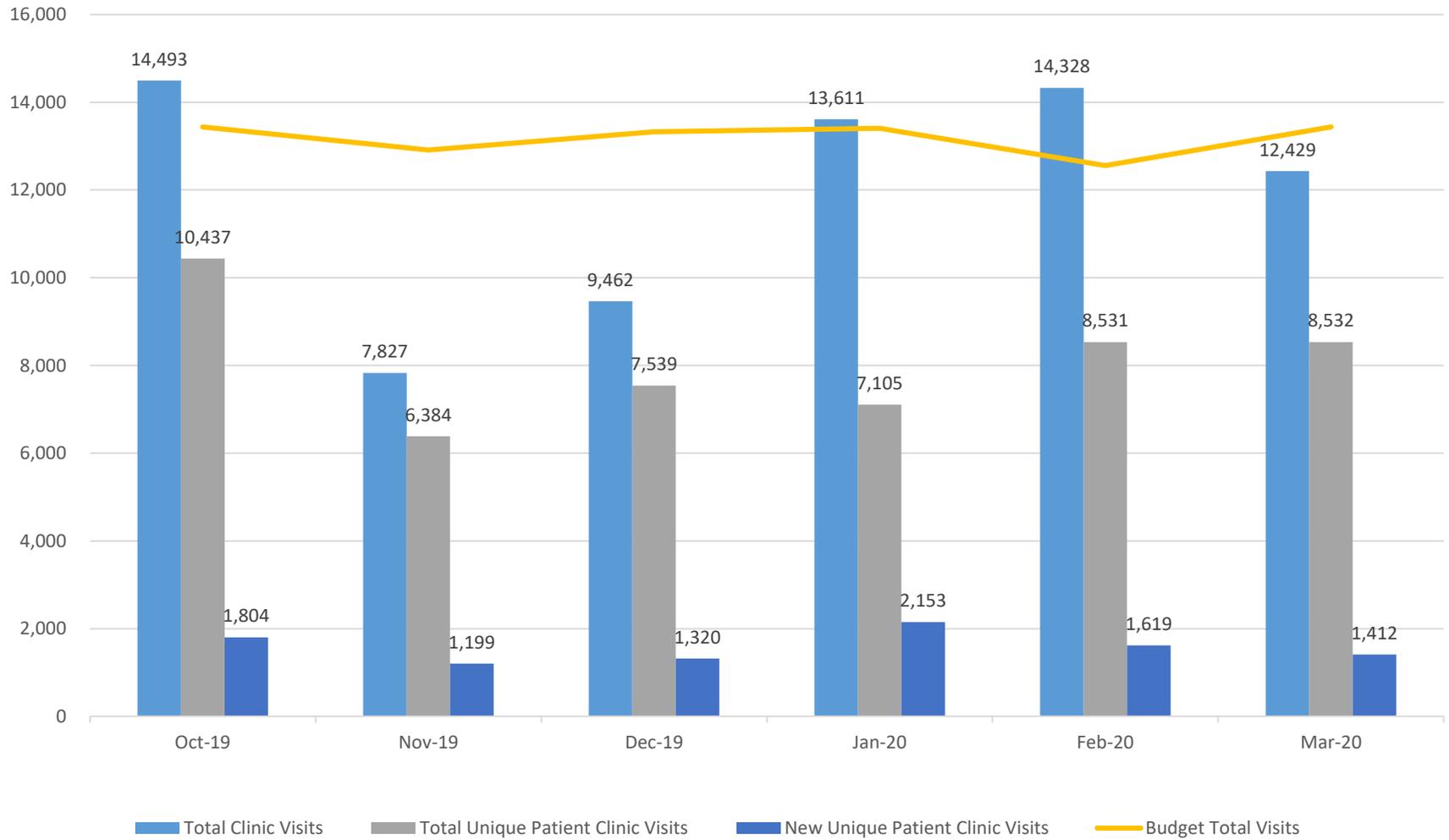
Trauma Activations



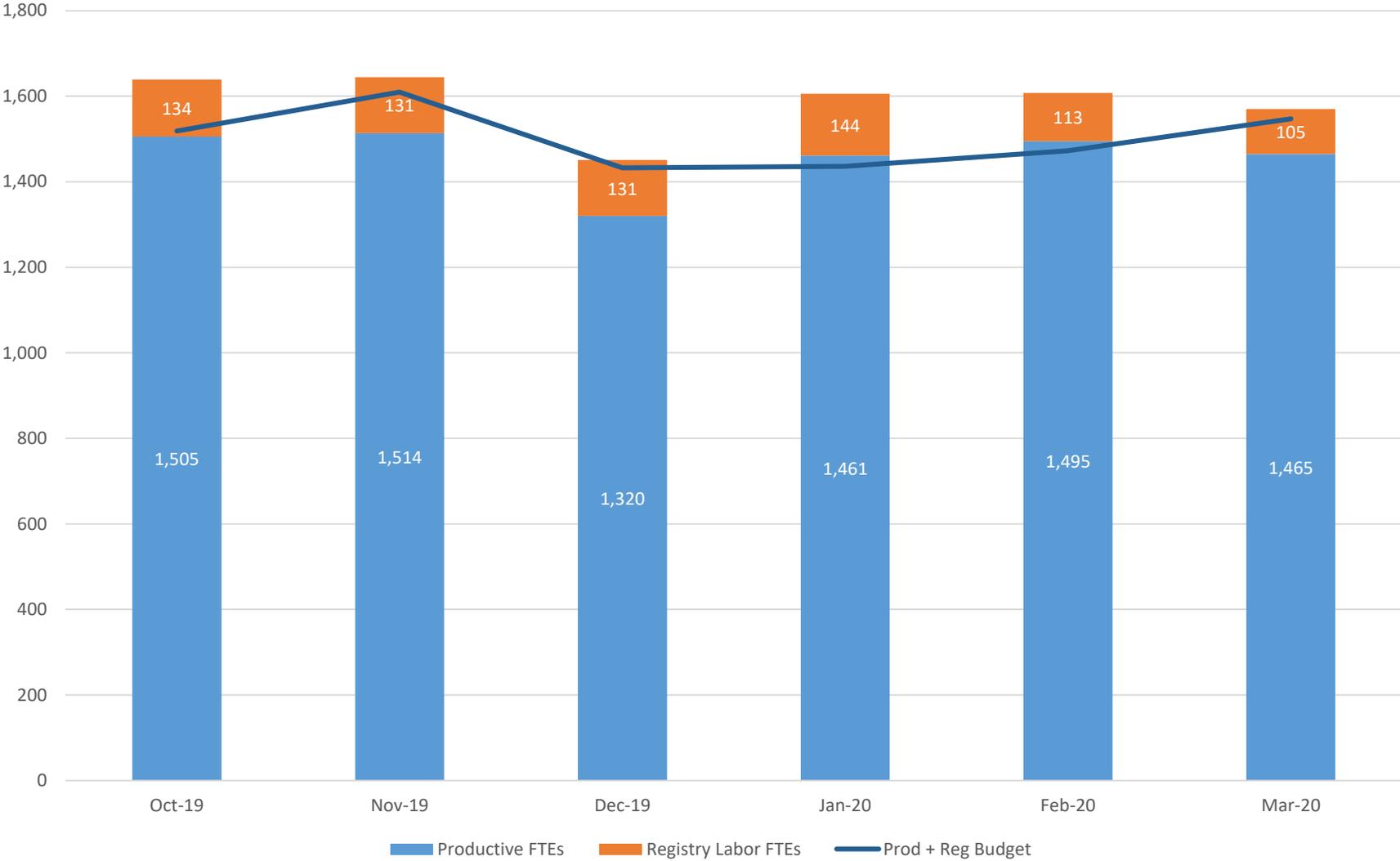
Surgical Volume



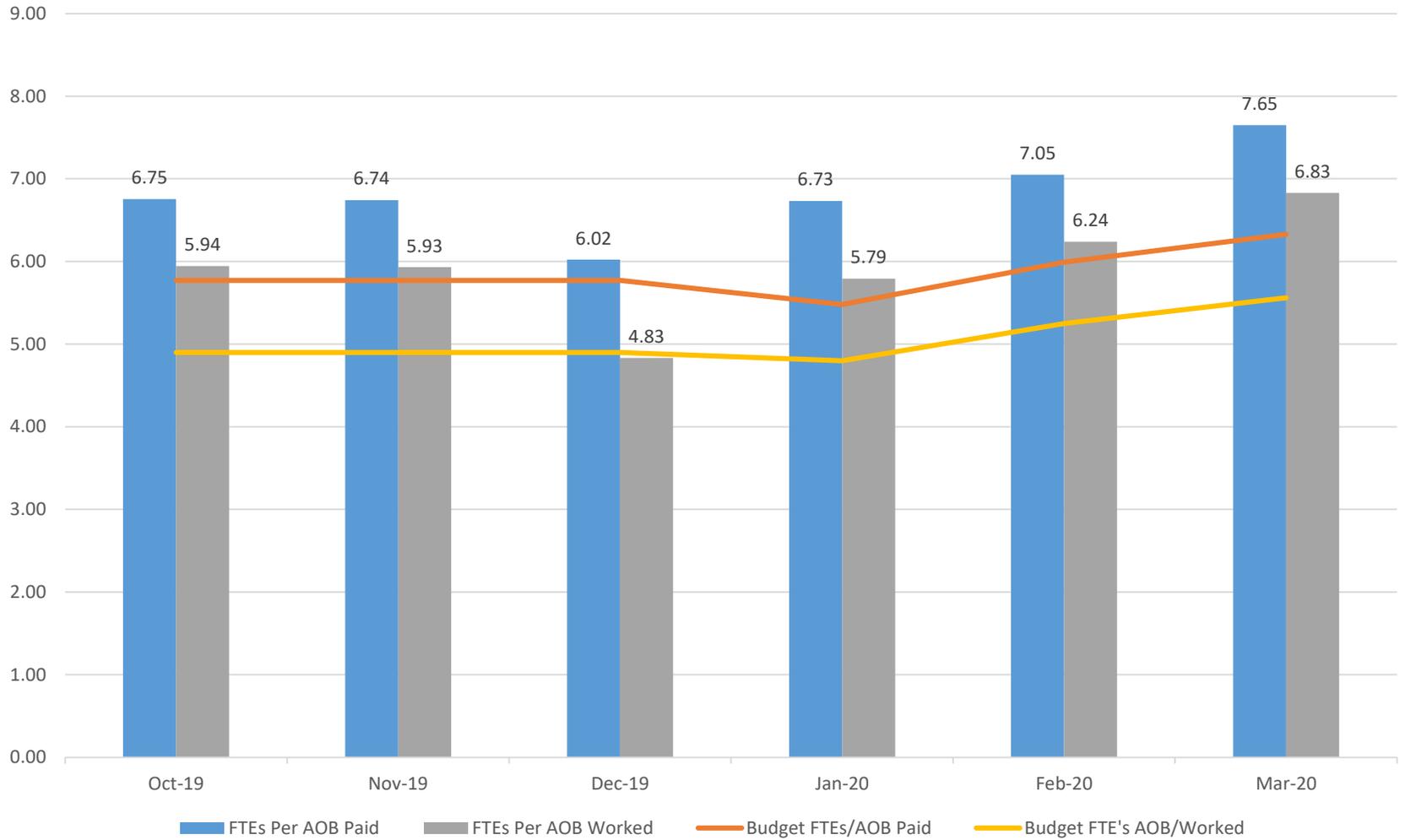
Clinic Visits



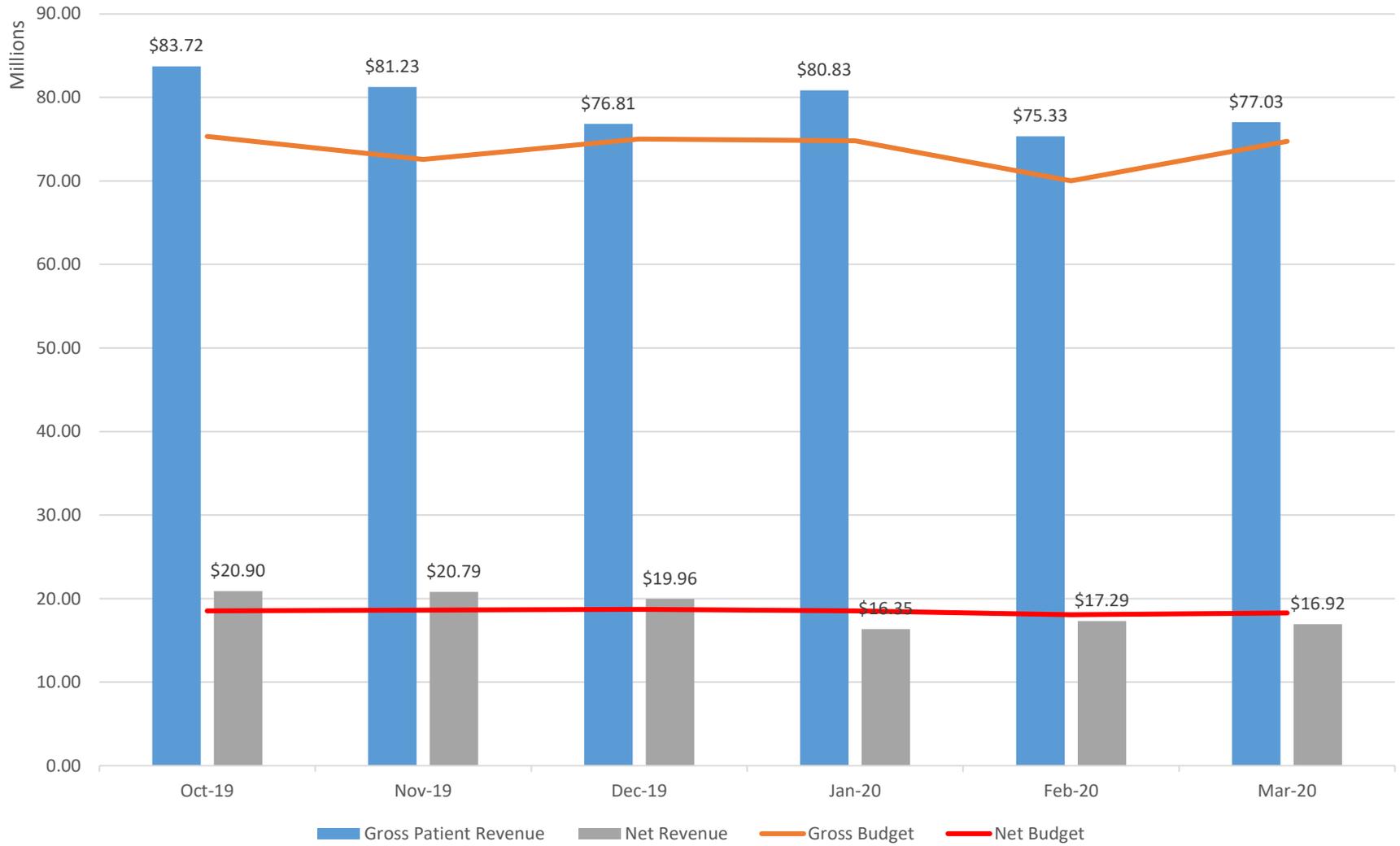
Productivity



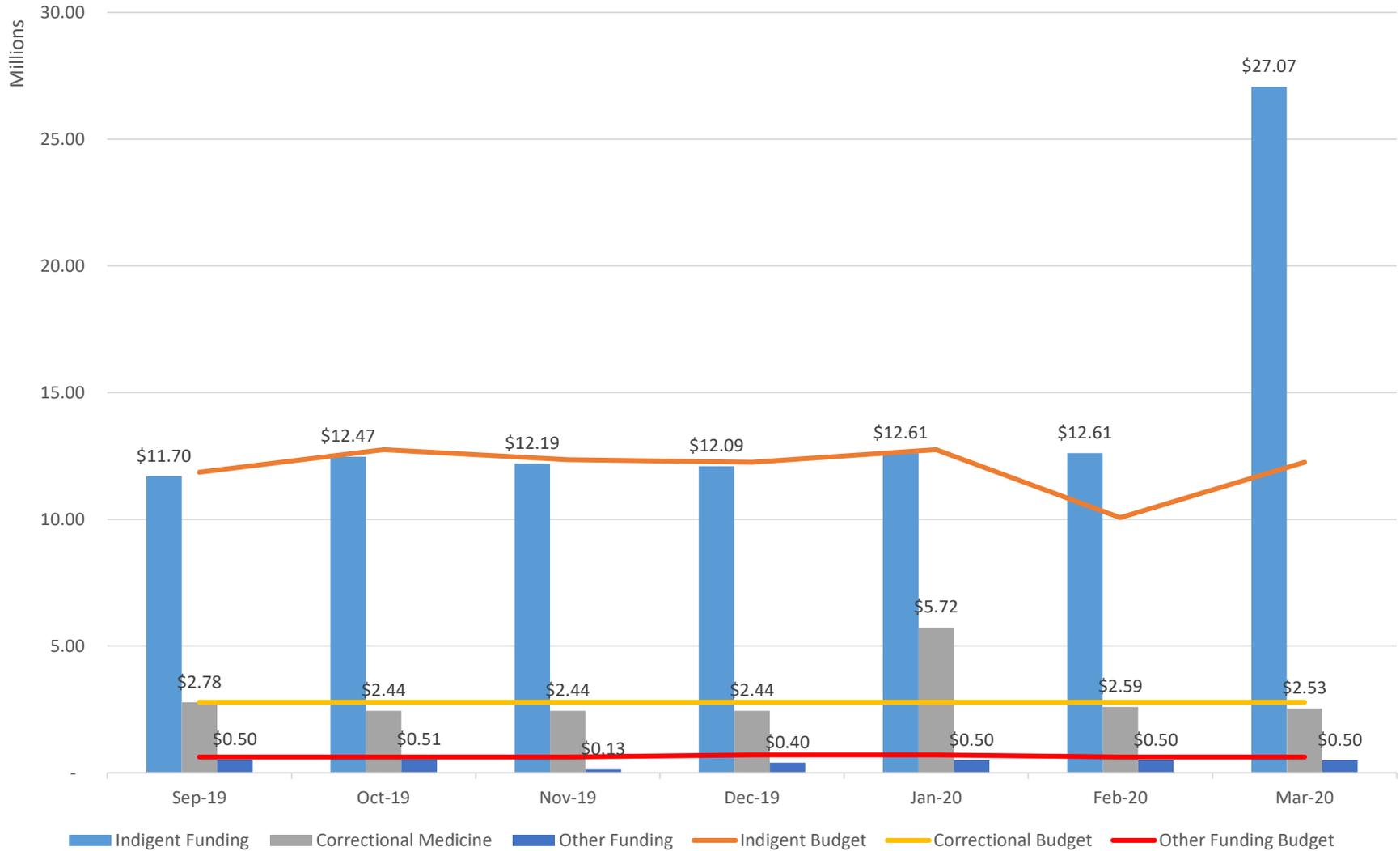
Labor Metrics



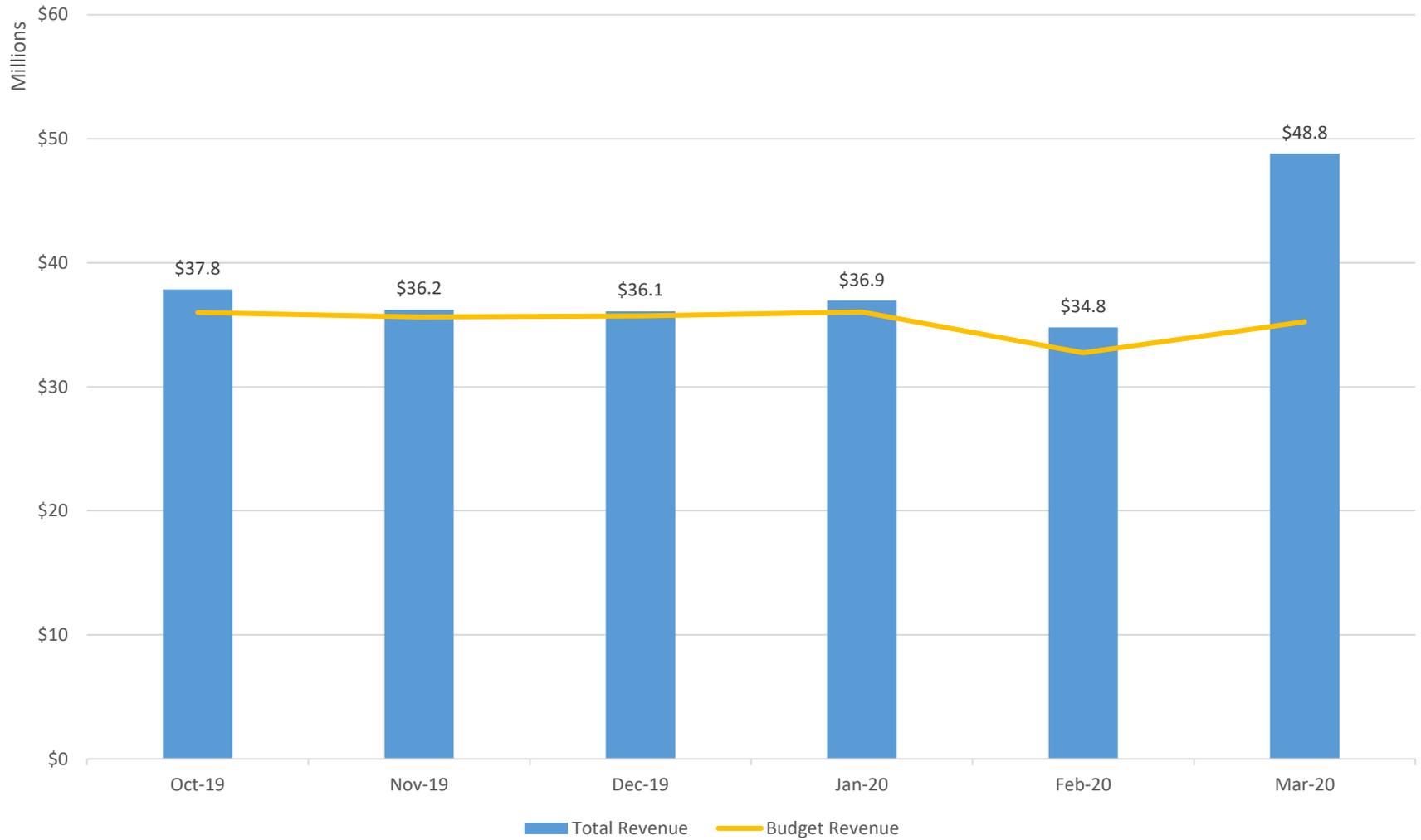
Patient Revenue



Indigent & Correctional Revenue



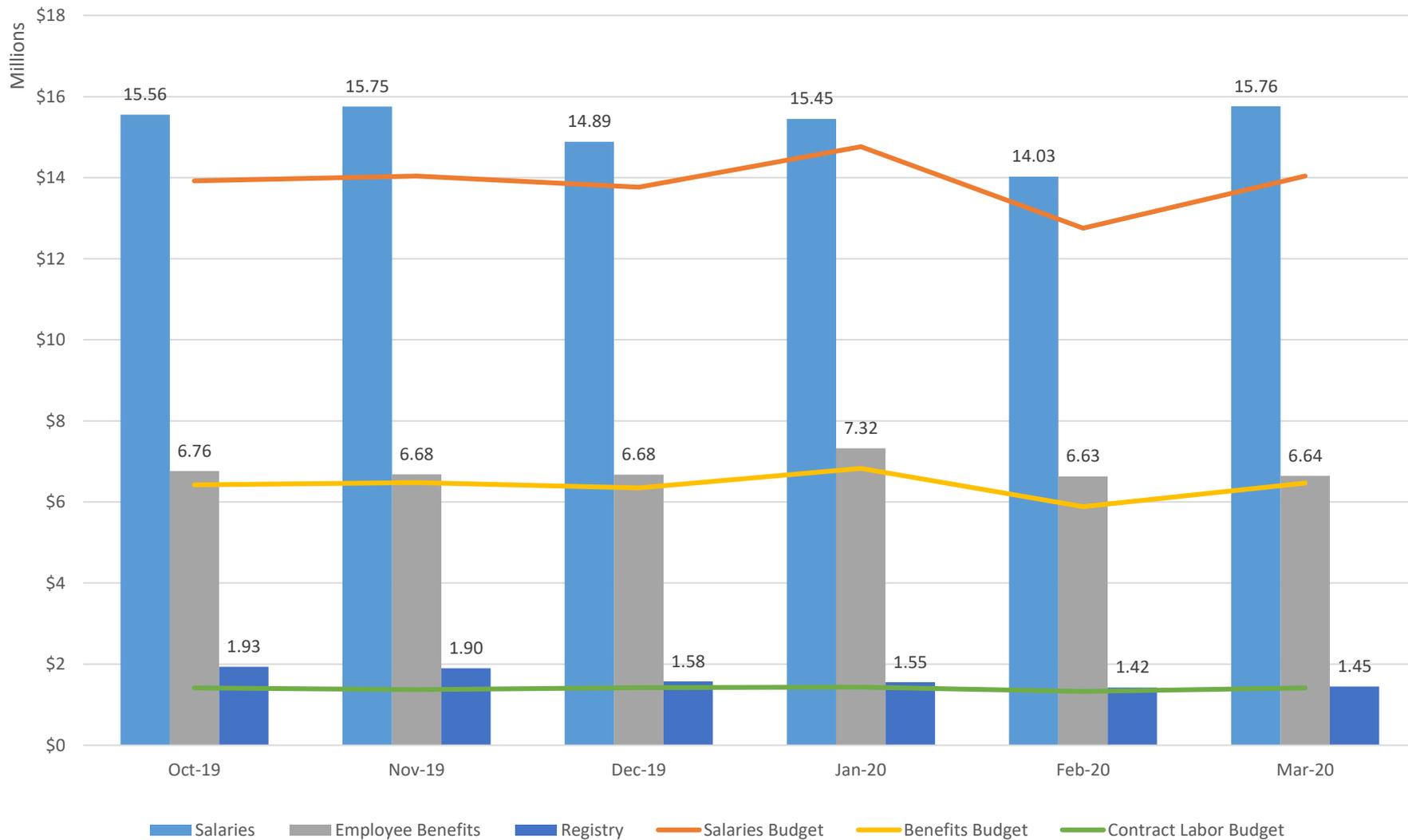
Total Revenue



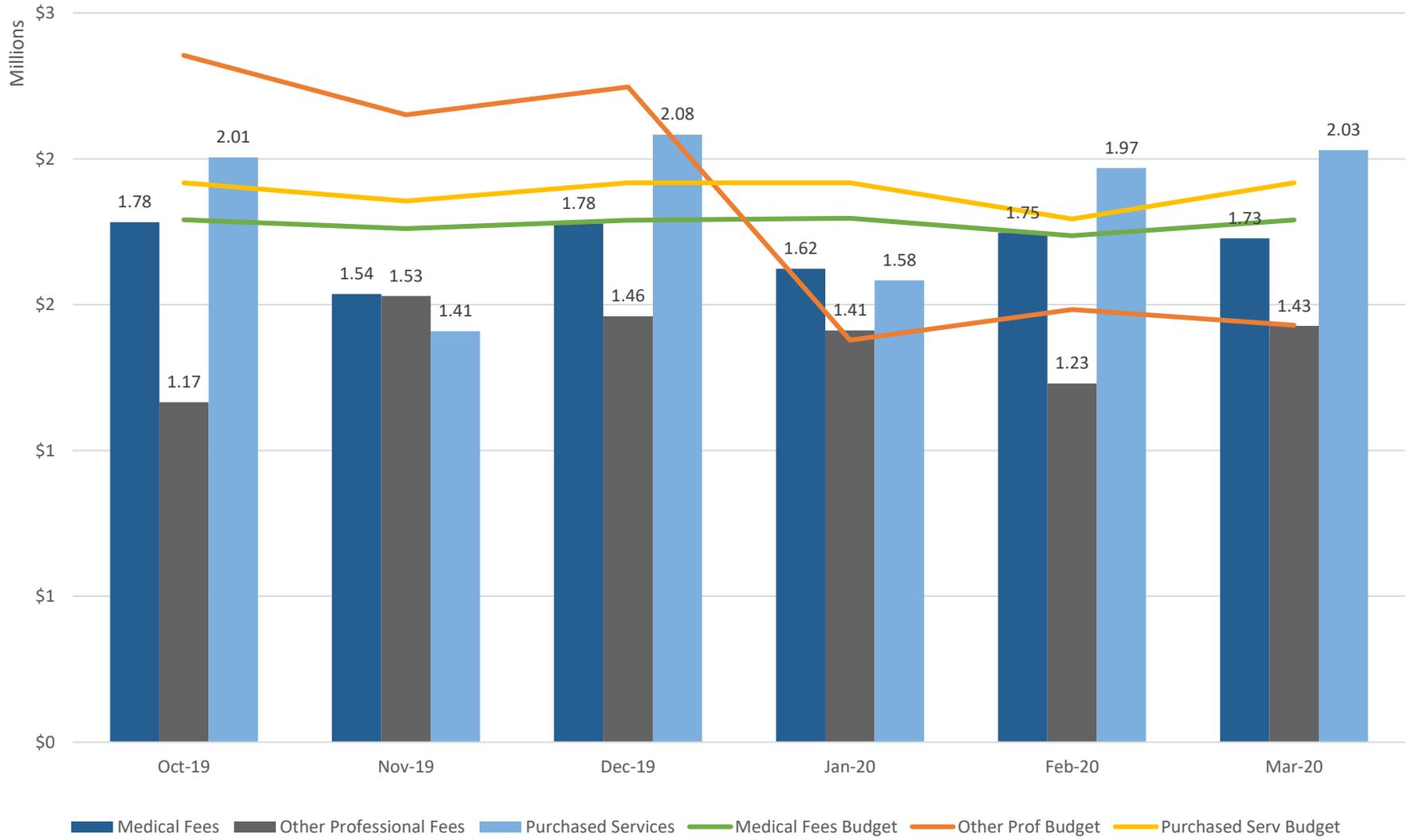
Expenses FYTD 2020



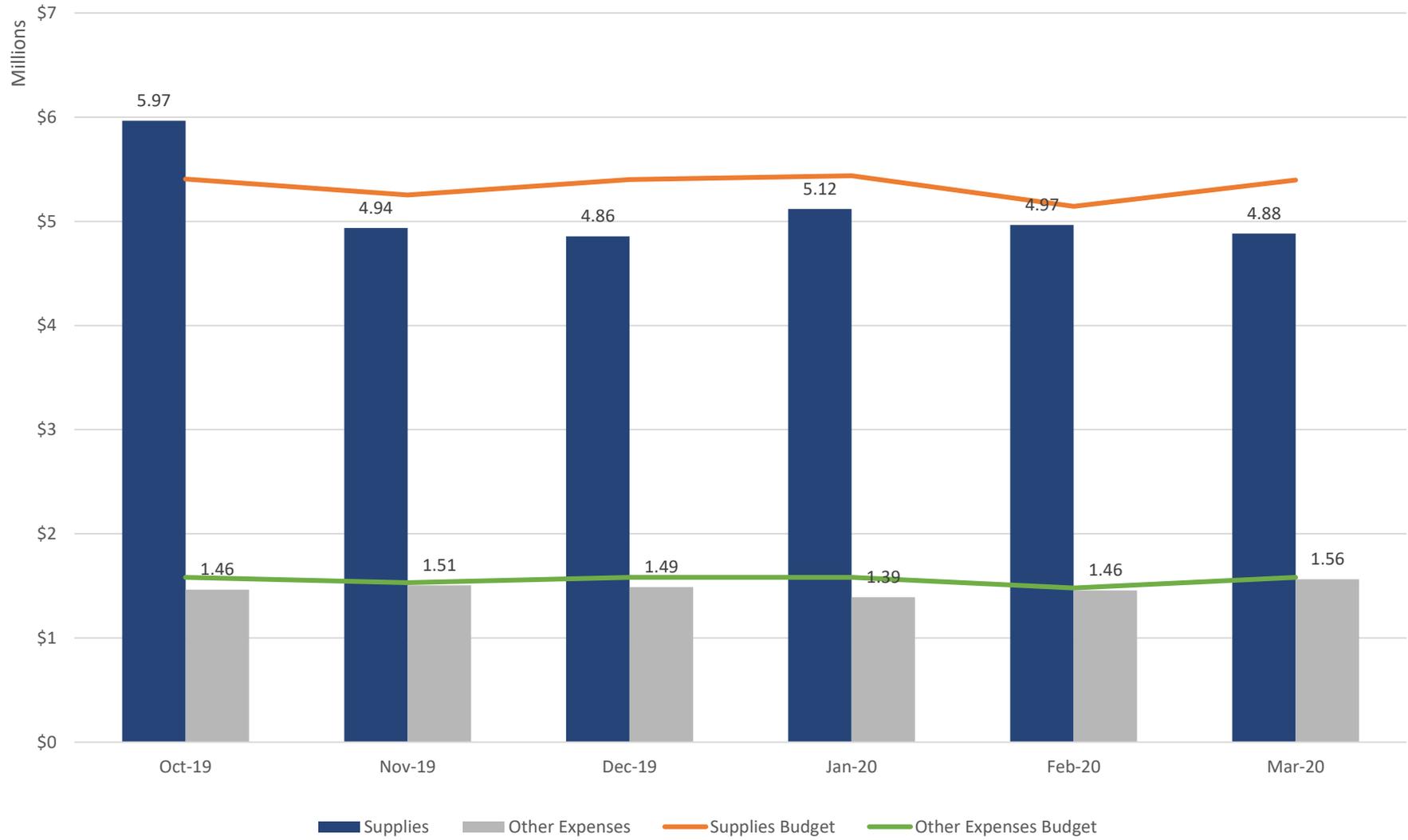
Salaries & Benefits FYTD 2020



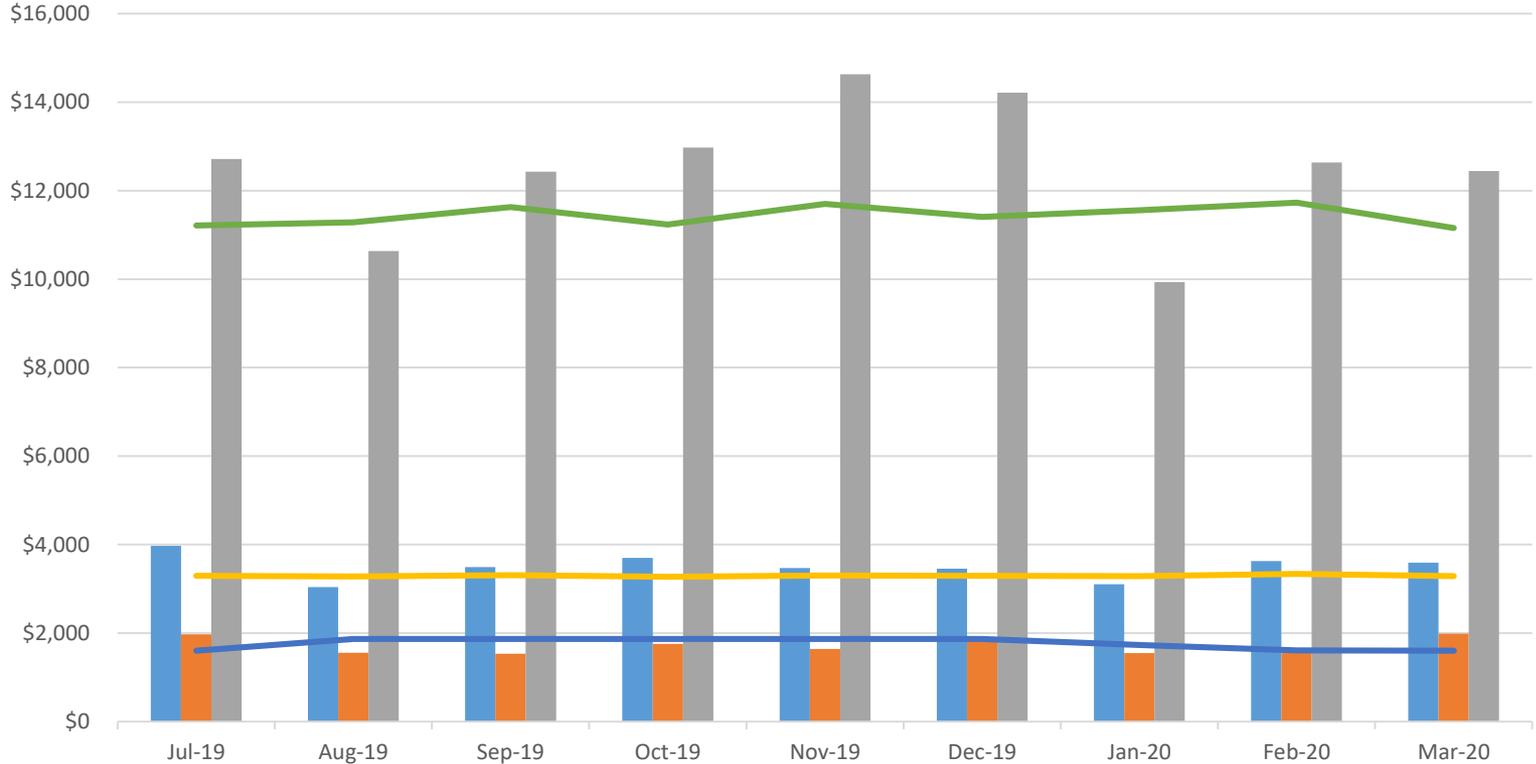
Purchased Services, Medical, & Other Prof Fees FYTD 2020



Supplies & Other Expenses FYTD 2020

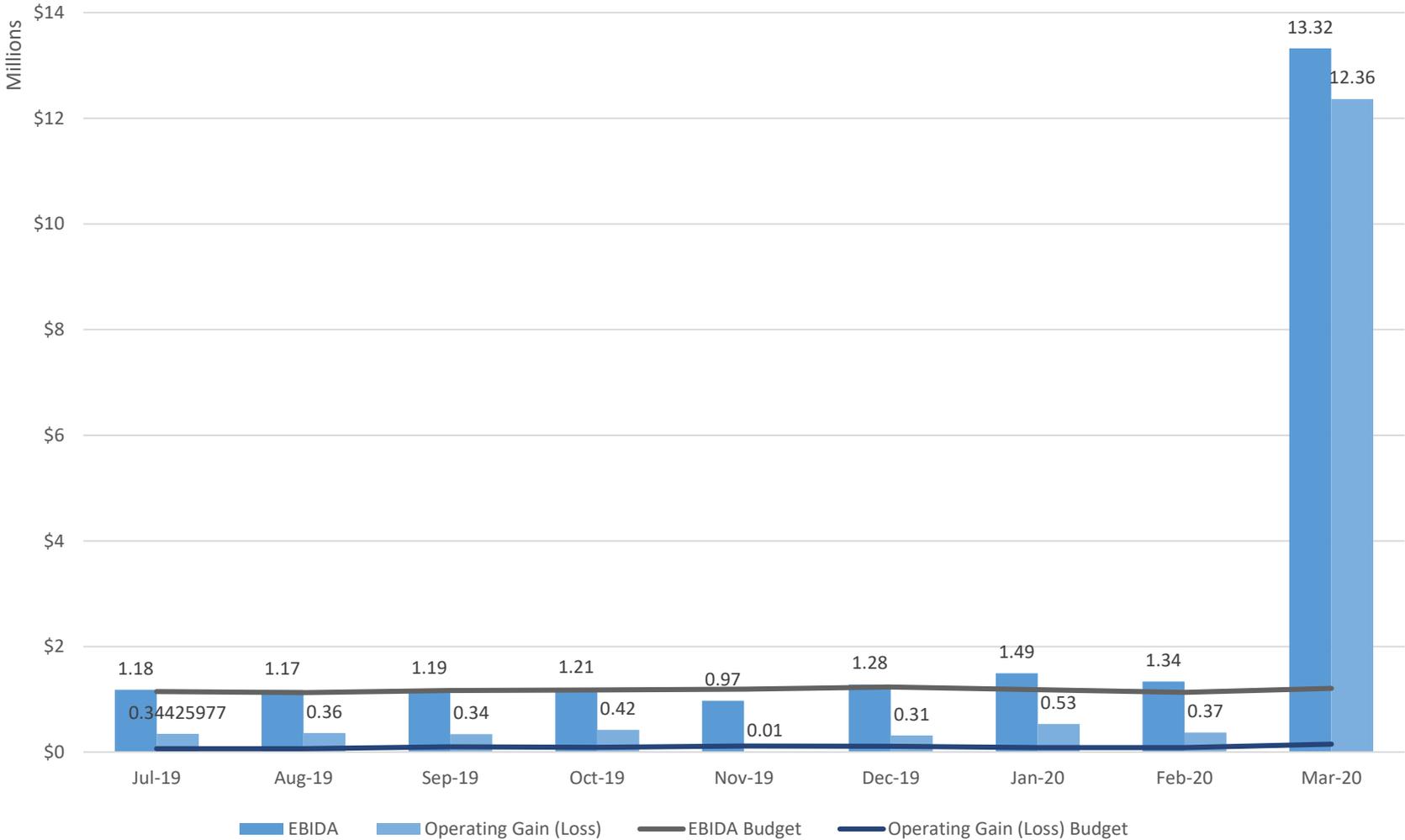


Operating Metrics

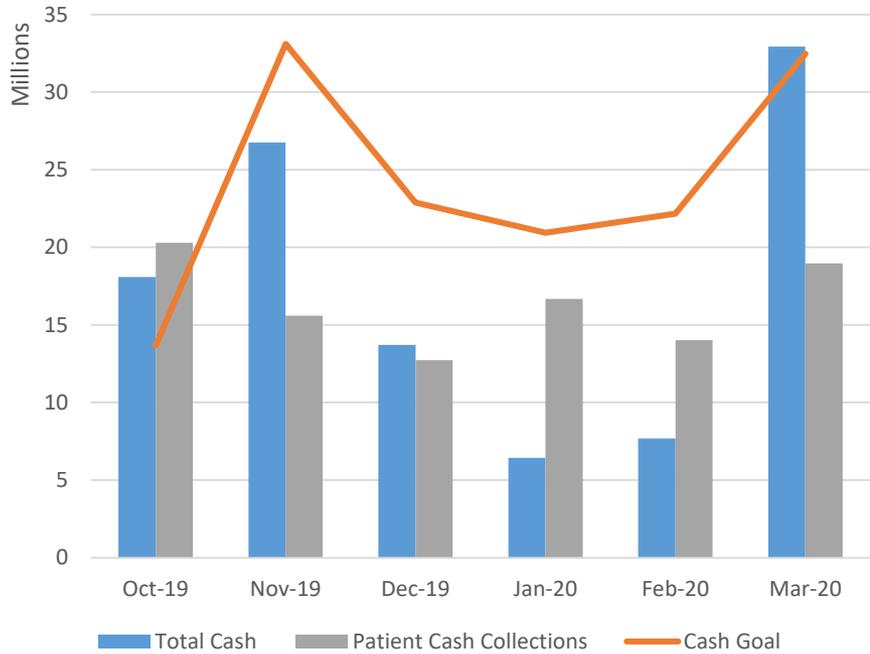


	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Supply Expense per AA	\$3,977	\$3,040	\$3,492	\$3,703	\$3,474	\$3,457	\$3,110	\$3,627	\$3,592
Pharm Cost per AA	\$1,976	\$1,558	\$1,536	\$1,762	\$1,646	\$1,905	\$1,549	\$1,569	\$1,989
Net Revenue Per AA	\$12,710	\$10,636	\$12,428	\$12,972	\$14,631	\$14,212	\$9,934	\$12,632	\$12,444
Budget Supp/AA	\$3,295	\$3,286	\$3,313	\$3,277	\$3,303	\$3,293	\$3,291	\$3,343	\$3,293
Budget Pharm/AA	\$1,604	\$1,869	\$1,870	\$1,869	\$1,870	\$1,870	\$1,736	\$1,614	\$1,603
Budget Net Rev/AA	\$11,209	\$11,286	\$11,630	\$11,234	\$11,703	\$11,409	\$11,556	\$11,730	\$11,153

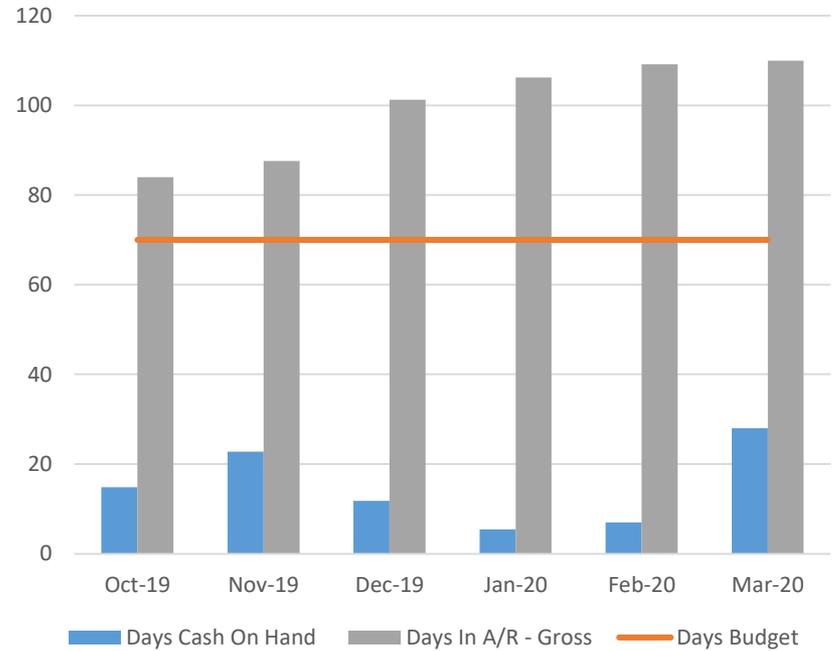
EBIDA 2020 FYTD



Cash 2020 FYTD



AR Days 2020 FYTD



KERN MEDICAL
3-Month Trend Analysis: Revenue & Expense
Mar-20

	JANUARY	FEBRUARY	MARCH	BUDGET MARCH	VARIANCE POS (NEG)	PY MARCH
Gross Patient Revenue	\$80,827,948	\$75,328,913	\$77,025,381	\$74,738,543	3%	\$78,766,158
Contractual Deductions	(64,478,388)	(58,035,996)	(60,103,656)	(56,454,078)	6%	(61,567,851)
Net Revenue	16,349,560	17,292,917	16,921,725	18,284,465	(7%)	17,198,307
Indigent Funding	12,609,681	12,612,972	27,070,042	12,249,481	121%	12,512,380
Correctional Medicine	5,723,874	2,594,088	2,527,068	2,777,068	(9%)	2,552,068
County Contribution	285,211	285,211	285,211	284,951	0.1%	285,211
Incentive Funding	212,040	212,040	212,040	333,333	(36%)	250,000
Net Patient Revenue	35,180,366	32,997,228	47,016,086	33,929,298	39%	32,797,967
Gain/(Loss) on Health-Related Entity	(13,626)	548,143	0	0	0%	0
Other Operating Revenue	1,766,511	1,235,653	1,773,319	1,309,701	35%	1,458,737
Other Non-Operating Revenue	14,339	3,025	15,953	4,639	244%	788
Total Revenue	36,947,591	34,784,049	48,805,358	35,243,638	38%	34,257,492
Expenses						
Salaries	15,451,068	14,026,440	15,758,686	14,039,666	12%	13,495,760
Employee Benefits	7,322,124	6,630,925	6,641,938	6,465,017	3%	6,194,242
Contract Labor	1,553,723	1,422,161	1,447,694	1,414,525	2%	1,706,862
Medical Fees	1,623,380	1,746,897	1,727,154	1,790,534	(4%)	1,649,889
Other Professional Fees	1,412,068	1,229,802	1,427,447	1,429,328	(0.1%)	1,244,227
Supplies	5,118,128	4,965,445	4,884,383	5,398,052	(10%)	5,044,606
Purchased Services	1,583,612	1,968,367	2,030,412	1,917,475	6%	2,050,502
Other Expenses	1,391,420	1,457,730	1,563,796	1,582,060	(1%)	1,356,210
Operating Expenses	35,455,522	33,447,767	35,481,511	34,036,657	4%	32,742,299
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$1,492,069	\$1,336,282	\$13,323,847	\$1,206,981	1,004%	\$1,515,193
EBIDA Margin	4%	4%	27%	3%	697%	4%
Interest	219,497	221,226	220,867	342,117	(35%)	86,783
Depreciation	481,227	488,502	483,034	494,021	(2%)	512,303
Amortization	256,825	255,683	255,683	218,282	17%	61,746
Total Expenses	36,413,070	34,413,179	36,441,095	35,091,077	3.8%	33,403,131
Operating Gain (Loss)	\$534,521	\$370,869	\$12,364,263	\$152,561	8,004%	\$854,361
Operating Margin	1.4%	1.1%	25.3%	0.43%	5,752%	2%

**KERN MEDICAL
BALANCE SHEET
Mar-20**

	March 2020	March 2019
ASSETS:		
<i>Total Cash</i>	\$ 32,929,585	\$ 6,628,517
Patient Receivables Subtotal	281,867,162	198,004,420
Contractual Subtotal	(222,870,818)	(151,281,504)
<i>Net Patient Receivable</i>	58,996,344	46,722,916
Total Indigent Receivable	124,810,218	109,130,675
Total Other Receivable	8,894,032	6,303,338
Total Prepaid Expenses	3,797,916	4,586,611
Total Inventory	5,721,427	5,610,487
<i>Total Current Assets</i>	235,149,522	178,982,543
Deferred Outflows of Resources	85,573,671	73,939,340
Investments Deposited with Trustee	931,830	922,330
Total Land, Equipment, Buildings and Intangib	194,198,932	158,153,983
Total Construction in Progress	14,250,350	31,570,041
<i>Total Property, Plant & Equipment</i>	208,449,281	189,724,024
Total Accumulated Depr & Amortization	(113,446,309)	(105,469,191)
<i>Net Property, Plant, and Equipment</i>	95,002,972	84,254,833
<i>Total Long Term Assets</i>	86,505,500	74,861,670
<i>Total Assets</i>	\$ 416,657,994	\$ 338,099,046

**KERN MEDICAL
BALANCE SHEET
Mar-20**

	March 2020	March 2019
LIABILITIES & EQUITY:		
Total Accounts Payable	\$ 21,025,252	\$ 26,077,672
Total Accrued Compensation	30,840,375	26,145,893
Total Due Government Agencies	37,116,866	52,782,493
Total Other Accrued Liabilities	76,141,149	47,872,472
<i>Total Current Liabilities</i>	165,123,643	152,878,530
<i>Total Long-Term Liabilities</i>	420,241,413	428,609,276
<i>Total Liabilities</i>	585,365,056	581,487,806
<hr/>		
Fund Balance	36,714,021	36,714,021
Retained Earnings	(205,421,083)	(280,102,781)
<i>Total Fund Balance</i>	(168,707,062)	(243,388,759)
<hr/>		
<i>Total Liabilities and Fund Balance</i>	\$ 416,657,994	\$ 338,099,046



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

May 20, 2020

Subject: Proposed Kern County Hospital Authority Operating and Capital Budgets for Fiscal Year 2020-2021

Recommended Action: Approve; Refer to Kern County Board of Supervisors for Approval

Summary:

COVID-19 Ramifications:

The onset of the COVID-19 virus in early calendar year 2020, and its official designation as a pandemic, has created unprecedented uncertainty for health care providers both locally and on a worldwide basis. Information about the virus changes rapidly. This makes it difficult to determine the effects that the pandemic will have on key performance indicators for the hospital and clinics including patient volumes, revenues, expenses and the staffing levels needed. The recommended budgets for operations and capital below are based on the best available information at this time. Kern Medical will closely monitor COVID-19 activity and will adjust operations as necessary throughout FY 2020-21 to ensure that adequate supplies and staffing levels are maintained to provide safe patient care.

Summary of FY 2020-21 Recommended Budgets

Kern Medical budgeted \$441.0 million total operating revenue from all sources and \$439.9 million in expenses with EBIDA of \$12.9 million and net income of \$1.1 million. Kern Medical is also planning on \$7 million in capital expenditures with the funds provided by operations.

Net Revenues

Kern Medical budgeted \$441.0 million for total operating revenue for FY 2020-21. Budgeted operating revenue includes \$233.7 million from patient revenue net of contractual adjustments and bad debt from services to Medicare, Medi-Cal, private pay patients, and commercial insurance. This budget is an increase in budget over prior year due in large part to increased revenue cycle efficiency realized from the implementation of the Cerner Millennium Electronic Health Record (EHR) system. Total operating revenue also includes \$153.7 million in net state and federal funding and \$3.4 million in county funding to reimburse Kern Medical for providing services for indigent patients. Other operating revenue includes cafeteria sales, reimbursement from medical education, and services provided for other county departments. The budget also includes reimbursement of \$33.3 million from the County for Kern Medical to provide inpatient and outpatient services for adult inmates and juvenile detainees.

State and Federal Funding Program Changes

The demands presented by the Affordable Care Act (ACA), managing the Medicaid waiver programs, and complying with changes in state health care policies have been exacerbated by the COVID-19 pandemic. The virus has thus far been very unpredictable with information changing on daily basis. It has created an extremely challenging environment for Kern Medical to operate as a public safety net hospital. However, there is emergency funding available from both the state and federal authorities. This includes, but is not limited to,

Owned and Operated by the Kern County Hospital Authority
A Designated Public Hospital

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additional Medi-Cal 1115 waivers at the state level, Federal Emergency Management Agency (FEMA) funds, and supplemental Medicare reimbursement rates. It is Kern Medical's intention to apply for all emergency funding available; however, the exact dollar amounts that may be received from these programs has not been determined.

In addition to the federal and state emergency funds, Kern Medical will continue to participate in various other indigent funding programs including the PRIME, GPP, and WPC 1115 waiver programs, the Quality Incentive Program (QIP), and the Enhanced Payment Program (EPP). The current five-year 1115 waiver programs were scheduled to end in 2020. However, due to the COVID-19 crisis, the state has extended the current waiver for one additional year. It is anticipated that the funding amounts for these programs should be the same as prior year. Therefore, for FY 2020-21 Kern Medical has budgeted \$26.7 million for the PRIME program, \$28.9 million for GPP, and \$15.7 million for the WPC program. The QIP program is a quality incentive-based program that ties payments to designated performance metrics in primary care, specialty care, in-patient care, and resource utilization. The EPP program is based on overall utilization of contracted services with Medi-Cal managed care plans. In FY 2019-20 these two programs replaced the SPD-IGT and MCE to Cost programs funding streams. Net revenue for the QIP and EPP programs for FY 2020-21 is estimated at \$21.6 million and \$22.2 million, respectively. To reiterate, even under normal circumstances the estimates for all indigent funding streams would be subject to change at the discretion of the state. The uncertainty in the current health care environment due to the COVID-19 crisis increases the likelihood of changes in these estimates.

The FY 2020-21 budget includes approximately \$112 million in Intergovernmental Transfers (IGTs) to the state that will be used to draw down federal funding. The IGT amounts represent the non-federal share of the indigent programs. Matching contributions to the state, as well as the return of the initial IGT investments, are reported in the budget under other charges and intergovernmental revenue, respectively.

As part of Kern Medical's strategic goals to both develop an integrated delivery system and meet certain regulatory requirements in primary care as a public hospital, Kern Medical has entered into a capitation agreement with Kern Health Systems for certain services related to primary care. It is estimated that the net impact of this agreement will be an additional \$1 million.

Operating and Other Expenses

Budgeted operating expenses total \$428.0 million. Staffing costs account for \$281.6 million, which are Kern Medical's largest expense. The remaining \$146.4 million in operating expenses are comprised primarily of medical supplies, contracted physician fees, purchased medical services, external provider care services, insurance, utilities, and equipment rental and maintenance. Other expenses include recruiting, advertising, and legal expenses. The following specified annual obligations and amounts are included in the operating and other expenses: 2011 Certificates of Participation in the amount of \$1.2 million; US Bancorp leases for Da Vinci XI and Care Fusion that total \$500 thousand; Pension Obligation bonds that total 15.0% of payroll; and approximately \$15,000 per covered employee for health and retiree health benefits.

Staffing and Authorized Positions

The proposed budget provides funding for all authorized positions. Although all recommended positions are funded in FY 2020-21, it is important to note that Kern Medical budgets for staffing based on patient census and full-time equivalents (FTEs), not authorized positions. Mandated staff-to-patient ratios and the correct allocation of FTEs drive the hospital's staffing costs, as is customary in virtually all hospital settings.

The hospital has 2,335 authorized positions for FY 2020-21. As of the creation of our budget, 2,026 of these positions have been filled with 309 being vacant. We anticipate a 10% vacancy rate due to staff turnover and recruiting issues.

Planned Capital Expenditures

Kern Medical is budgeting \$7.0 million in capital expenditures for FY 2020-21 funded by operations. Of the \$7.0 million, \$3.0 million is for the replacement or upgrade of existing operating equipment. It is anticipated that \$1.0 million will be used to upgrade and modernize IT infrastructure. The hospital remains committed to significant capital investment to address deficiencies in the buildings and patient care areas with \$2.0 million budgeted for capital building and construction projects to address areas of immediate concern. Approximately \$1.0 million has been budgeted for the completion of the Cerner Millennium project.

Summary of Changes in Net Position

Kern Medical is projected to have a net position of negative \$205.0 million as of June 30, 2020. This negative amount is due to the long-term liabilities primarily related to pension obligations and some capital leases incurred prior to the formation of the Kern County Hospital Authority. These liabilities reduce the net position by \$421.4 million. Adjusting for the effect of these liabilities leaves a budgetary net position of \$216.3 million. With a budgeted \$441.0 million in revenues from all sources and total expenses of \$439.9 million along with \$7 million in capital expenditures, the planned change in net position is a decrease of \$5.9 million with an estimated budgetary balance of \$210.4 million.

New Services Offered

Kern Medical continues to expand its services and access to care, particularly in areas that support outpatient clinical care and medical education. This expansion is due to both improvements in operational efficiencies, the implementation of Cerner as our organization's new EHR, as well as the establishment of new services. The following summarizes a selection of new services and improvements:

- The opening of the Valley Fever Institute
- The launch of the Sickle Cell program
- The expansion of oncology and other infusion services
- Expanded OB/GYN services, which includes the recruitment of several new OB/GYN specialists, a urogynecologist, the support of OB/GYN services at the Stockdale clinic to five days a week, and new clinical ultrasound technology for gallbladder, transvaginal, abdominal, obstetrics, and 3D imaging.
- Enhanced patient access through the Cerner Patient Portal
- Telehealth services now provided at all clinic locations for all specialty services
- Shelter Care in support of the County's Low Barrier Navigation Center and the City's Homeless Navigation Center.
- Women's Heart Health program led by Kern Medical's Dr. Joolhar and Dr. Win, our community's only female cardiologists
- Baby-Friendly Designation
- Breast Milk Storage Bank
- Simulation Laboratory for medical education
- Initial accreditation for Kern Medical's new Infectious Disease Fellowship with the first fellow enrolling in the 2021 academic year

In addition to these expanded services, Kern Medical has continued its operation of patient centered medical homes, which focus on medically fragile patients and patients with a behavioral health component to their care. Our organization also continues to expand its community outreach, particularly in the areas of epilepsy, sickle cell, oncology, Whole Person Care, as well as care providers offering education in secondary schools for trauma prevention, concussion prevention and treatment, and sports-related physicals.

It is vitally important for Kern Medical to fulfill its mission and make use of its relative strengths to capitalize on its position in the local market as the only trauma center, teaching institution, and safety net hospital, while continuing to expand and strengthen relationships with local health plans and community partners. Through these efforts, Kern Medical seeks to demonstrate its value, experience, and outcomes to the community.



**KERN COUNTY HOSPITAL AUTHORITY
Operating and Capital Budget
Fiscal Year 2020-2021**

KERN MEDICAL

Hospital Operations Indicator Report

Revenue

Volume	Actual 2018	Actual 2019	Project 2020	Budget 2021	Financial Overview	Actual 2018	Actual 2019	Project 2020	Budget 2021
Admits - Acute	9,735	9,426	9,477	9,580	EBIDA	40,574	77,180	27,178	
Patient Days - Acute	48,957	47,863	49,985	50,142	EBIDA-BUDGET	9,917	8,954	13,685	12,926
LOS - Acute	5.0	5.1	5.3	5.2					
Adjusted Admissions	18,247	19,046	18,465	18,666	NOI	30,643	67,182	16,470	
		<i>Change in Adj. Admissions:</i>		<i>1.1%</i>	NOI-BUDGET	3,486	1,614	965	1,081
Births	2,481	2,653	2,393	2,428	Operating Margin %	3.6%	7.9%	1.8%	0.1%
Surgeries - Inpatient	2,792	2,298	2,271	2,316	EBIDA Margin %	4.7%	9.1%	2.9%	1.3%
Surgeries - Outpatient	2,949	3,110	3,357	3,424	Debt Coverage Ratio	4.25	6.99	2.49	1.18
ER Visits	49,112	50,766	52,727	53,517					
Outpatient Visits	143,934	160,109	152,307	164,085	Gross Revenue per APD	9,352	8,787	9,587	9,865
					Outpatient Revenue %	46.6%	50.5%	48.7%	48.7%
Reimbursement	Actual 2018	Actual 2019	Project 2020	Budget 2021	Payor Mix	Actual 2018	Actual 2019	Project 2020	Budget 2021
Net Patient Rev	221,934	203,755	230,430	233,700	COMM FFS/HMO/PPO	11.5%	8.7%	10.6%	10.6%
Indigent Funding	149,837	207,704	161,722	153,722	MEDI-CAL	30.1%	30.2%	17.9%	17.9%
County Contribution	3,423	3,423	3,423	3,423	MEDI-CAL HMO - KERN HEALTH SYSTEMS	30.9%	31.0%	37.3%	37.3%
Correctional Medicine	23,894	29,745	33,620	33,325	MEDI-CAL HMO - HEALTH NET	9.1%	9.1%	8.6%	8.6%
Capitation Revenue	0	6,689	2,544	1,000	MEDI-CAL HMO - OTHER	1.1%	1.1%	1.7%	1.7%
Ambulatory Surgery Center	0	0	(1,542)	750	MEDICARE	10.0%	10.0%	10.2%	10.2%
Other Operating Revenue	12,202	14,985	14,979	14,938	MEDICARE HMO	2.1%	3.3%	2.8%	2.8%
Net Rev	411,291	466,300	445,175	440,857	OTHER GOVERNMENT	0.5%	0.3%	8.3%	8.3%
					SELF-PAY	4.8%	6.3%	2.4%	2.4%
Net Patient Rev Yield	25.9%	24.0%	24.7%	24.2%					
Net Patient Rev Per AA	12,163	10,698	12,479	12,520					
		<i>Change In Net Revenue per AA:</i>		<i>0.3%</i>					

KERN MEDICAL

Hospital Operations Indicator Report

Expenses

Labor*	Actual 2018	Actual 2019	Project 2020	Budget 2021	Supplies	Actual 2018	Actual 2019	Project 2020	Budget 2021
Labor Costs including Benefits	226,142	227,719	254,369	261,779	Supply Costs	53,593	60,752	64,420	68,415
Productive FTE's (Excl. Contract Labor)	1,449	1,516	1,658	1,671	Supplies as a % of Net Pt Rev	13.0%	13.0%	14.5%	15.5%
Non-Productive FTE's	214	238	254	242	Supplies per AA	2,937	3,190	3,489	3,665
Contract Labor % of Total Prod	5.8%	5.8%	5.4%	5.6%	<i>Change in Supply Cost per AA:</i>				<i>5.1%</i>
Overtime % of Prod HRs (Excl CL)	5.0%	4.1%	3.7%	3.7%	Pharmaceutical Cost per AA	1,262	1,527	1,692	1,837
Total FTE's per AOB	6.62	6.62	7.18	7.15					
Labor Cost per FTE (Inc Benefits)	135,981	129,821	133,055	136,791					
		<i>Change in Labor Cost per FTE:</i>		<i>2.8%</i>					
Lbr Cost (Inc Ben) % of Total Exp	60.9%	58.5%	60.8%	61.2%					
Benefits % of Labor Costs, Excl Contrac	34.6%	29.1%	31.4%	31.1%					
<i>*note: All labor metrics include medical staff</i>									
Pur Ser & Other Expenses	Actual 2018	Actual 2019	Project 2020	Budget 2021	Other Key Statistics	Actual 2018	Actual 2019	Project 2020	Budget 2021
Medical Fees	18,240	20,382	20,373	19,917	Adjusted Patient Days	91,761	96,711	97,390	97,697
Other Professional Fees	15,815	20,914	17,479	17,031	Adjusted Occupied Beds	251.4	265.0	266.1	267.7
Purchased Services	24,163	22,872	23,402	22,938	Gross Days in AR, Excl Cap	74	68	70	70
Other Expenses	18,653	17,416	18,187	18,138					
Depreciation and Amortization	6,861	7,114	7,949	9,094					
Capital Expenses	Budget 2021								
Funded through Operations									
Equipment	3,000								
IS Equipment	1,000								
Facility Construction	2,000								
One Time Cerner Costs	1,000								

Kern County Hospital Authority
Budget for Fiscal Year 2021
Exhibit A - Projected Income Statement

	ACTUAL FY20 JUL - FEB	PROJECTED YEAR END FY20	BUDGET FY21
Total Gross Charges	\$ 622,475,682	\$ 933,713,523	\$ 963,753,077
Total Patient Revenue Deductions	(468,855,756)	(703,283,633)	(730,053,077)
Net Patient Revenue	153,619,926	230,429,889	233,700,000
Indigent Funding			
Correctional Medicine	23,480,370	33,620,000	33,324,816
County Indigent Funding	2,281,687	3,422,531	3,422,531
State and Federal Indigent Funding	98,481,026	161,721,539	153,721,539
Total Indigent Funding	124,243,083	198,764,070	190,468,886
Capitation Premium Revenue	1,696,320	2,544,480	1,000,000
Income From Other Healthcare Related Entity	-	(1,542,081)	750,000
Other Operating Revenue	9,985,806	14,978,709	14,937,784
Total Operating Revenue	289,545,135	445,175,068	440,856,670
Expenses			
Salaries	116,982,761	174,388,663	180,340,551
Benefits	53,642,470	79,980,577	81,438,502
Registry Nurses	13,254,596	19,881,894	19,827,572
Medical Fees	13,581,729	20,372,593	19,916,931
Purchased Services	15,601,200	23,401,801	22,937,861
Supplies	42,946,916	64,420,374	68,414,756
Other Professional Fees	11,652,360	17,478,540	17,030,785
Other Expenses	12,124,924	18,187,386	18,137,693
Depreciation and Amortization	5,299,584	7,949,375	9,094,401
Operating Expenses	285,086,540	426,061,204	437,139,051
Gain/(Loss) From Operations	4,458,595	19,113,864	3,717,618
Interest Expense	(1,839,079)	(2,758,619)	(2,751,082)
Non-Operating Revenue	76,239	114,359	114,047
Total Non-Operating Revenue/(Expense)	(1,762,840)	(2,644,260)	(2,637,035)
Earnings Before Interest Depreciation and Amortization	\$ 9,834,418	\$ 27,177,598	\$ 12,926,066
Net Income/(Loss)	\$ 2,695,755	\$ 16,469,604	\$ 1,080,583

Kern County Hospital Authority Budget for Fiscal Year 2021 Exhibit B - Projected Change in Net Position

Projected Year end Retained Earnings for FY20-21

Estimated Ending Fund Balance Available as of June 30 \$ (205,032,593)

Long Term Accounts

22400274	LONG TERM DEBT-CAP LEASES	2,405,930
22500270	LONG TERM L-COP 2011	1,131,693
22500271	LONG TERM L-POB 2003	12,745,786
22500272	LONG TERM L-POB 1995	1,610,473
22500273	LONG TERM L-POB 2008	5,392,893
22700000	NET PENSION LIABILITY	307,234,709
22701000	DEFERRED INFLOW-PENSIONS	60,090,954
22702000	NET UNAMORTIZED DISCOUNT COP	19,993
22750271	LT INTEREST L-POB 2003	4,763,410
22750272	LT INTEREST L-POB 1995	7,535,194
22760000	OTHER POST EMPLOYMENT BENEFITS	3,772,716
22761000	ACCRUED COMP ABSENCES LT	3,830,085
22762000	WORKERS COMP PAYABLE LT	6,252,235
22763000	PROFESSIONAL LIABILITY LT	4,587,034

Budgetary Retained Earnings \$ 216,340,513

BUDGET FY 20-21

Estimated Budgetary Retained Earnings Balance	216,340,513
<u>Sources and uses</u>	
Total FY 20-21 Estimated Revenues	440,970,716
Total FY 20-21 Outside Financing for Capital	-
Total FY 20-21 Estimated Expenses	(439,890,133)
Total FY 20-21 Estimated Capital Expenditures	(7,000,000)
Total Estimated Change in Net Position	(5,919,417)

Estimated Ending Balance \$ 210,421,096

Kern County Hospital Authority
 Budget for Fiscal Year 2021
 Exhibit C - Summary of Capital Expenditures

<u>Uses of Capital</u>				
Operating Equipment	IT Capital Projects	Cerner	Capital Building and Construction	Total
\$ 3,000,000	\$ 1,000,000	\$ 1,000,000	\$ 2,000,000	\$ 7,000,000
<u>Sources of Capital</u>				
Operations				
\$ 7,000,000				

Kern County Hospital Authority Budget for Fiscal Year 2021 Exhibit D - Position Summary

<u>Division</u>	<u>Authorized</u>	<u>Filled</u>	<u>Vacant</u>	<u>Total</u>
Kern Medical	2,335	2,026	309	2,335



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

May 20, 2020

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

The Chief Executive Officer will provide a Hospital-wide update.

**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 May 20, 2020, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on May 20, 2020, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Martin L. Goldman,
M.D., an individual v. Kern County Hospital Authority, et al., Kern County Superior
Court Case No. BCV-18-100390 SDS –

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

Health and Safety Code Section 101855(e)(1)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on May 20, 2020, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

 X Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –