



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, January 18, 2017

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation recognizing John Nilon, County Administrative Officer (Ret.), for his years of service to Kern Medical and the Kern County Hospital Authority Board of Governors –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on December 14, 2016 –
APPROVE
- 5) Proposed retroactive Agreement with Zones, Inc. of Washington, an independent contractor, for purchase of software licenses (Quote K0499520) in an amount not to exceed \$1,145,006 and hardware (Quote K0499502) in an amount not to exceed \$3,546,874, effective January 10, 2017, to support the hospital and clinic IT infrastructure project –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN AGREEMENT; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN PURCHASE ORDERS

CA

- 6) Proposed Resolution authorizing the Kern County Hospital Authority to participate in the group purchasing program with Quorum Purchasing Advantage, LLC, an independent contractor, Enhanced Purchasing Services Agreement with Quorum Purchasing Advantage, LLC, for access to group purchasing services through HealthTrust Purchasing Group, L.P., and Participation Agreement with HealthTrust Purchasing Group, L.P., from February 1, 2017 through January 31, 2022, in exchange for an administrative fee equal to 3% or less of the purchase price of the goods and services purchased from participating vendors –
APPROVE; ADOPT RESOLUTION; AUTHORIZE CHAIRMAN TO SIGN SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 7) Proposed Change Order No. 1 to Agreement 2016-52 with Best Electric, an independent contractor, for construction management services related to the emergency power distribution upgrades, providing a credit in the amount of \$5,579, for labor, material, and equipment, and decreasing the maximum payable to a new amount not to exceed \$664,222 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Change Order No. 1 to Agreement 2016-086 with Black/Hall Construction, Inc., an independent contractor, for construction management services related to the G wing decommission project, increasing of the maximum payable by \$70,800, to cover the cost of additional services –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Amendment No. 8 to Agreement 1324502 with Vantage Technology Consulting Group, an independent contractor, for construction management services related to completion of the B wing emergency power project and IDF closet upgrades, increasing the maximum payable by \$49,522, to cover the cost of additional services –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Resolution authorizing Counsel to contract for expert legal services for claims and litigation management –
APPROVE; ADOPT RESOLUTION

CA

- 11) Proposed retroactive Amendment No. 4 to Agreement 883-2010 with Quest Diagnostics Clinical Laboratories, Inc., an independent contractor, for clinical laboratory services, extending the term for two years from September 21, 2016 through September 20, 2018, adding an updated price list, and increasing the maximum payable by \$1,800,000, from \$5,440,000 to \$7,240,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed Amendment No. 3 to Agreement 682-2011 with Orange Health Solutions, Inc., doing business as Citra Health Solutions, an independent contractor, for EZ-CAP software and maintenance, extending the term for five years from February 1, 2017 through January 31, 2022, and increasing the maximum payable by \$294,000, from \$239,276 to \$533,276, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 13) Proposed retroactive Amendment No. 2 to Agreement 358-2015 with Mercer (US) Inc., an independent contractor, for human resources consulting services, adding a statement of work for development of performance metrics and related compensation strategies, and increasing the maximum payable by \$80,000, from \$520,000 to \$600,000, to cover the cost of services –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN AMENDMENT; AUTHORIZE COUNSEL TO SIGN STATEMENT OF WORK

CA

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

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

CA

- 16) Claims and Lawsuits Filed as of December 31, 2016 –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

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

- 18) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Deputy County Counsel Karen S. Barnes and designated staff – Unrepresented Employee: Kern County Hospital Authority Chief Executive Officer (Government Code Section 54957.6) –
- 19) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –
- 20) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Jose Ramirez v. County of Kern, Workers' Compensation Appeals Board Case Nos. ADJ-7279531, ADJ-8654762, ADJ-8654827, ADJ-8654832 –
- 21) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(1).) Number of cases: Three hundred sixty-seven (367) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the authority but which the authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, FEBRUARY 15, 2017, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

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

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

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

16) CLAIMS AND LAWSUITS FILED AS OF DECEMBER 31, 2016 –
RECEIVE AND FILE

- A) Claim in the matter of Twywayne Moore v. Kern County Hospital Authority
- B) Claim in the matter of John Scalia v. County of Kern
- C) Claim in the matter of John Scalia v. Kern County Hospital Authority
- D) Claim in the matter of Estate of Kimberly Morrissey-Scalia v. County of Kern
- E) Claim in the matter of Estate of Kimberly Morrissey-Scalia v. Kern County Hospital Authority
- F) Claim in the matter of Carmel Moore v. County of Kern



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, December 14, 2016

11:30 A.M.

BOARD RECONVENED

Directors present: Berjis, Bigler, McGauley, McLaughlin, Nilon, Pelz, Sistrunk
Directors absent: None

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

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

BOARD ACTION SHOWN IN CAPS

NOTE: CHIEF EXECUTIVE OFFICER RUSSELL V. JUDD AND THE EMPLOYEES OF MERIDIAN HEALTHCARE PARTNERS, INC. ARRIVED AT 11:52 A.M., AFTER THE VOTE ON THE CONSENT AGENDA

PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**
NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

DIRECTOR NILON ACKNOWLEDGED HIS IMPENDING RETIREMENT FROM THE COUNTY OF KERN AND THANKED THE BOARD AND STAFF FOR THEIR HARD WORK AND DEDICATION, AND ENCOURAGED STAFF TO CONTINUE IN THEIR EFFORTS TO MAKE KERN MEDICAL THE HOSPITAL OF CHOICE IN KERN COUNTY

DIRECTOR BERJIS ACKNOWLEDGED THE RIBBON-CUTTING CEREMONY AND EXPRESSED HIS GRATITUDE TO KERN MEDICAL FOR THE NEW JJ'S LEGACY COMFORT ROOM TO HELP THE FAMILIES OF ICU PATIENTS BY PROVIDING THEM WITH A COMFORTABLE, COMPASSIONATE SPACE

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on December 14, 2016 –
APPROVED
Nilon-McGauley: 7 Ayes

CA

- 4) Proposed Amendment No. 7 to Agreement 336-2012 with Ruby A. Skinner, M.D., APC, an independent contractor, for professional medical services in the Department of Surgery, extending the term for six months through June 30, 2017, and increasing the maximum payable by \$250,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-087
Nilon-McGauley: 7 Ayes

CA

- 5) Proposed retroactive Amendment No. 3 to Agreement 166-2012 with Press Ganey Associates, Inc., an independent contractor, for patient experience survey products, adding services, and increasing the maximum payable by \$585,678, to cover the cost of additional services –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-088
Nilon-McGauley: 7 Ayes

CA

- 6) Proposed Amendment No. 1 to Agreement 07916 with Teter, LLP, an independent contractor, for engineering and architectural services, increasing the maximum payable by \$200,000, to cover the cost of services –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-089
Nilon-McGauley: 7 Ayes

CA

- 7) Proposed Amendment No. 1 to Agreement 10416 with Crei Corporation, an independent contractor, for lease of suites 111 and 113 at the Heritage Professional Building located at 2201 Mount Vernon Avenue, Bakersfield, California, increasing the amount of leased space to include suites 209 and 213, and increasing the total rental consideration in an amount not to exceed \$8,300 per month –
MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED;
AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-090 SUBJECT TO APPROVAL AS TO FORM BY COUNSEL
Nilon-McGauley: 7 Ayes

CA

- 8) Proposed Amendment No. 1 to Agreement 2016-047 with the County of Kern, as represented by the Office of County Counsel, for the provision of legal services to the Kern County Hospital Authority, reflecting recent changes to the enabling ordinance, and adding a provision that provides for termination with six months' notice –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-091
Nilon-McGauley: 7 Ayes

CA

- 9) Proposed retroactive Amendment No. 7 to Agreement 911-2013 with Meridian Healthcare Partners, Inc., an independent contractor, for Chief Executive Officer and healthcare management services, revising the compensation methodology for the period July 1, 2016 through December 31, 2106 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-092
Nilon-McGauley: 7 Ayes

CA

- 10) Proposed Resolution revising the delegation of authority of the Kern County Hospital Authority Chief Executive Officer –
APPROVED; ADOPTED RESOLUTION 2016-022
Nilon-McGauley: 7 Ayes

CA

- 11) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
Nilon-McGauley: 7 Ayes

- 12) Kern County Hospital Authority Chief Financial Officer report -
RECEIVED AND FILED
Pelz-McLaughlin: 7 Ayes

ADJOURNED TO CLOSED SESSION
Nilon-McGauley

CLOSED SESSION

- 13) Request for Closed Session regarding peer review of health facilities
(Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 14) Request for Closed Session regarding peer review of health practitioners
(Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 15) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives:
Chief Deputy County Counsel Karen S. Barnes and designated staff - Unrepresented
Employee: Kern County Hospital Authority Chief Executive Officer (Government Code
Section 54957.6) – SEE RESULTS BELOW
- 16) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer
(Government Code Section 54957) – SEE RESULTS BELOW
- 17) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Government
Code Section 54956.9(d)(1)) Name of case: County of Kern v. Don Howard
Wasserman, M.D., Kern County Superior Court Case No. BCV-15-101536 SPC –
SEE RESULTS BELOW
- 18) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government
Code Section 54956.9(d)(2), (e)(1).) Number of cases: One (1) Significant exposure
to litigation in the opinion of the Board of Governors on the advice of legal counsel,
based on: Facts and circumstances that might result in litigation against the authority
but which the authority believes are not yet known – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
McLaughlin-Sistrunk

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 13 concerning a Request for Closed Session regarding peer review of health
facilities (Health and Safety Code Section 101855(j)(2)) – HEARD; NO
REPORTABLE ACTION TAKEN

Item No. 14 concerning a Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE (NILON-McGAULEY), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, ADDITIONAL PRIVILEGES, AND VOLUNTARY RESIGNATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 15 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Deputy County Counsel Karen S. Barnes and designated staff - Unrepresented Employee: Kern County Hospital Authority Chief Executive Officer (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

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

Item No. 17 concerning CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Government Code Section 54956.9 (d)(1)) Name of case: County of Kern v. Don Howard Wasserman, M.D., Kern County Superior Court Case No. BCV-15-101536 SPC – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 18 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), e(3).) Number of cases: Two (2) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the authority but which the authority believes are not yet known – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, JANUARY 18, 2017 AT 11:30 A.M.

Berjis

/s/ Raquel D. Fore
Authority Board Coordinator

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



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

January 18, 2017

Subject: Proposed retroactive Agreement with Zones, Inc. of Washington

Recommended Action: Approve; Authorize Chairman to sign; Authorize Chief Executive Officer to sign Purchase Orders

Summary:

Proposed retroactive Agreement with Zones, Inc. of Washington, an independent contractor, for purchase of software licenses (Quote K0499520) in an amount not to exceed \$1,145,006 and hardware (Quote K0499502) in an amount not to exceed \$3,546,874, effective January 10, 2017, to support the hospital and clinic IT infrastructure project.

Source of budget – FY2016 excess revenue over expenses.

See attached:

- a.) IT Infrastructure Upgrade Vendor Selection
- b.) Vendor Score card



IT Infrastructure Upgrade Vendor Selection

Kern Medical IT Infrastructure Upgrade

Prepared By:
Christopher D. Leach

Date: October 26th 2016
Revision: : January 2017

Table of Contents

I.	Executive Summary	2
	Highlights.....	2
	Objectives.....	2
II.	Description of Needs	3
	Company Ownership/Legal Entity.....	3
	Products and Services Requested	4
	Vendors	5
	Vendor Score	5
	Vendor Comparison.....	6
III.	Summary	7
	Competition	7
IV.	Pricing.....	8
	Cost Break Analysis Promotion	8
V.	Summary & Decisions	9
	Vendor Selection	9
	Strategy and Implementation.....	10

Executive Summary

The attached provides an overview of the process, terms, and decisions of vendor selection for the Kern Medical Hospital Authority. This information is an unbiased collaborative effort by Senior Staff and Administration of vendor selection for the IT Infrastructure upgrade project.

Kern County Hospital Authority currently has 3 year software contract with Dell, Inc. signed in 2015, which has been taken into consideration regarding any software purchases.

Highlights

Kern Medical Hospital Authority has various needs concerning an infrastructure upgrade. Vendors from past and present have been given an opportunity to meet with IT staff and administration to provide a solution that would assist in the migration from the County of Kern ISP Model to a direct and self-sustained model.

Objectives

An estimated 18-month time period from concept to design implementation has been considered. Objectives for this initiative is to increase productivity, security and availability of the hospital's network, storage and application uptime. A heavily weighted objective is to prepare for the launch of the new Electronic Medical Record system (EMR) that the hospital is expected to deployment sometime in 2018.

Description of Needs

The needs of the environment are:

1. Increase reliability of the network's backbone and infrastructure core
2. Increase the available uptime of all servers and applications that are currently residing on the network
3. Increase the wireless capabilities of the current infrastructure for greater reliability in the network
4. Establish best practices for ePHI, HIPPA and other protocols to provide a secure and safe medium for our employees and visitors

Company Ownership/Legal Entity

The Kern County Hospital Authority was established June 1, 2016 allowing Kern Medical to become its own entity. A bill (AB 2546) authorized the Kern County Board of Supervisors to establish, by ordinance, the Kern County Hospital Authority to manage, administer, and control the Kern Medical Center and other associated health care facilities. The bill protects all concurrent union contracts and places Kern Medical on the path to success. The Authority has proven to strengthen Kern Medical by protecting workers while at the same time increasing Kern Medical's ability to compete and improve the quality of services to the community.

Products and Services Requested

- New Infrastructure backbone requirements
 - New Switching Core
 - New Routing Core
 - New MDF cabinets upgrade
 - New Wireless upgrade and refresh
 - Strengthen Wireless coverage and security
 - Upgrade from Analog phones to Digital | VOIP phones
 - Redundant networks to provide better reliability for new EMR (projected implementation date of 2018)
- New Storage and Server backbone:
 - New Storage array to assist in transition from the county's units
 - New Compute Nodes to manage user needs
 - New software for Virtual Desktop Infrastructure
 - Renewal of Software Assurance licenses
 - Migration to a secure E-mail platform
 - Deploy Mobility Device Management
 - Deploy industry best practices for ePHI, PCI, HIPPS
 - Migrate users from legacy applications, operating systems and antiquated protocols
 - Risk management assessment of hospital assets
 - Security audits reports (Quarterly & Annually)
 - Help desk ticket tracking system

Vendors

Vendor Selection was based on industry leaders and availability of the vendor's time to meet and develop a strategy. Each vendor was given the listed requirements and asked to provide a "whole" solution, or a "partial" solution that could be paired with another vendor.

1. AMS.Net – Vendor - **Quorum Health Resources**, quote requested
2. Zones – Vendor - whole solution expert requested a 2nd option
3. Dell | Avaya | Nutanix – Combined vendor - Provided a collaborative approach

Vendor Score

Vendor selection was based on the 5 decidedly required items that were agreed upon by Administration.

1. Price: how much does the platform cost and how would it be paid for?
2. Ease of use & Intuitiveness: How easy is the transition from the legacy equipment to the new equipment? Will the solution provide an intuitive challenge for the users and staff to manage?
3. Technology & Security: Does the technology and security meet all standards for Health Care Requirements?
4. Features, support and maintenance: Does the product have special features to assist in the overall Security of the infrastructure? What are the terms of the support and maintenance agreement? Are these items saleable? - Can the support be extended past the initial terms post purchase?
5. Vertical Expertise, Customization and Integration: Does the vendor have established relationships with the manufactures? How customizable is the solution? Are we tied to a specific "cookie-cutter" design from a Health Care security perspective? How will the solution integrate with the existing environment?

Vendor Comparison

Vendor comparison was based on a standard 5-point scoring method.
Please review the attached **Vendor Scorecard KMHA.pdf**

Summary

Each vendor was scored using a 5-point scale placing each in no order. Evaluating the overall quotes and selections, preparing a list of comparable traits and ensuring to compare the vendors on a specific solution time-frame.

- Plan for a 60 Month contract, support agreements should show this for a 5 year | 60-month term
- Enterprise level equipment
- Proper availability of training for on-site staff
- Upgrade and End-of-Life protection from the manufacturer
- Security and audit protection with “Customer focused” design capabilities.
-

Competition

Vendors were given the opportunity to reach out to various industry leaders and sales teams for possible solutions. (Cisco, HP, Juniper, Avaya, Dell, Pure, Nimble, Palo Alto, Microsoft)

Pricing

Vendor Comparisons and price solutions were based on the needs of the project at the time.

Attached are the quotes showing details and selections that were brought forth to the Kern Medical Administrative team.

Cost Break Analysis Promotion

Vendors also offer technology and manufacture promotions for each solution bi-annually. Many companies chose to offer new upgrades typically at calendar year end (October to December) as well as in the Fiscal year end (May to June). The timing for this initiative reflects this and allows this initiative to gather substantial discounts, training credits and extra leverage to the vendors.

Summary & Decisions

In closing, the vendor selection was not based on a fixed price or budget that was given for this project. The information that was provided to the vendor was based off Senior Engineering & Administration's past experiences, as well as the sizing charts that set the standards for Kern Medical's requirements. Keeping in mind that all venues for the preparation of HIPPA, ePHI, PCI compliance audits will need to be performed to comply with state and federal laws and regulations. Industry standards from the PCI Security Standards, US Department of Health & Human Services all assisted in the decisions for the enterprise level equipment that is required to set the standard at Kern Medical.

Vendor Selection

The timeline had been extended, to allow each vendor an opportunity to re-submit a bid for the upgrade. Of the 3 vendors, AMS.net did not respond.

Dell was a very close front runner, with the solution for storage and server computers meeting the needs of the hospital. The pairing of the current networking vendor "Avaya" made the cost and the needed support too difficult to bring together.

Rather than losing Dell as a whole, Dell has presented a solution for the "software only upgrade" for the upgrade of the email server from GroupWise legacy to the Government Health Care division of Microsoft Exchange Cloud for a new e-mail solution. This software was an add-on to the already in place Software Agreement with Dell for Microsoft products.

The final decision was to pair with Zones due to the flexible financing terms. The robust relationships with Enterprise Vendors like Cisco, Palo Alto, F5 and Nimble Storage allowed for a full solution break-down by a phased approach. The ability to lock in current prices and discounts until we are ready to purchase will ensure the best pricing, provide a substantial amount of training credits and price all the units purchased on a 60-month Support & Maintenance agreement.

A “no end of life” commitment with Zones, ensures any purchases made during this project will not become “End-of-Life” for the length of the support agreement, as well as providing nearly \$1,000,000 in financing to help kick start the initiative with delayed payments for 6 months from date of purchase.

The decision to pair with Zones for this project allows the flexibility to reach out to Zones vendor relations to acquire a Demo unit for up to 3 months on any of the products that we wish to deploy. Without being obligated to purchase the product, if returned with-in the 90 day trial.

Strategy and Implementation

Implementation of the project is broken into 3 phases. Each phase lasts roughly 6 months, with a total project completion time of roughly 18 months. The project length is in-line with the preparation for the new EMR solution that expected to be implemented sometime in 2018.

During the implementation of this project, many legacy systems on the Windows server 2000, 2003 and desktop Windows XP systems will be removed, a risk that this solution will be able to counter, with the ability to platform out a new Virtual Desktop model for the older XP systems. New Server & Storage solutions will be able to integrate with the legacy applications on an updated, secure platform to help ease the use with less risk of the operating system and data being compromised.



IT Infrastructure Upgrade

Vendor Score Cards

Prepare By: Christopher D. Leach
Date: October 26th 2016
Revision: December 30, 2016

Scorecard Areas of Focus	Explanation	Weight	A 100%	B 75%	C 50%	D 25%	F 0%	Zones
Price	How much does the platform cost and how do they charge?	35%						35%
Payment Terms	Ranks Vendor according to Payment Terms	10%	60 Months		36 Months		12 months	A
Product Pricing	Total Quantity of Items Purchased in Quarter Compared with Price Quotes from All Capable Vendors	15%	>2.5% Less Than Average	Average +/- 2.5%	>2.5% More than Average	>5% More Than Average	>10% More Than Average	A
Costs vs Pricing Metric	How does the vendor fair in comparison to other vendors?	5%	>2.5% Less Than Average	Average +/- 2.5%	>2.5% More than Average	>5% More Than Average	>10% More Than Average	A
Terms and Conditions Agreement	Has the Vendor Signed and Abided by the T & C's from County Council?	5%	Yes				No	A
Ease of Use & Intuitiveness	How easy and intuitive is the platform to use?	19%						17%
Weighted Average Lead Time	The duration of time from when an order is acknowledged by the vendor to when it is accepted by the freight forwarder. Weighted by Units Shipped.	4%	14-21 Days		21-30 Days		30 + Days	B
Email Response Time - Purchasing	Average time taken to respond to emails with purchasing (buyer or assistant buyer)	3%	Fast Response		Medium Response		Low Response	A
Communication Quality - Purchasing	Quality of communication, especially emails, with purchasing	3%	Clear, easily understandable responses that address every question with suggested solutions		Responses that are sometimes challenging to understand, do not answer all issues, and with no suggested solutions		Responses that are very difficult to understand and/or require translation or additional help. Issues are ignored	A
Flexibility	The flexibility of the vendor to accommodate business requests to the best of their ability	3%	Most special requests and changes are handled without problem. All requests to delay orders are honored		Special request are very difficult to work through and changes are resisted		Special requests and changes are not accepted or extremely hard to complete	B
Late Orders	Number of POs that were shipped after agreed upon ship date without approval	3%	0				1+	A
Minimum Order Quantity	The minimum quantity we can place an order for without any further commitment to buy	3%	1		3		5	A
Technology & Security	Does the Technology and security meet Health Care needs?	17%						16%
Quality Control Issues	Quality control of the product being delivered	5%	>1		3.00		5.00	B
Enterprise Level Technology	Does the Vendor have industry standard enterprise experience?	5%	Yes				No	A
HIPPA, ePHI, PCI, SOX security focuses	Vendor Focused on Health Security Focuses and Metrics	5%						A
Advancement in technology for emerging markets	Has the vendor researched what technology is emerging for health care and how future growth reacts?	2%						A
Features, Support and Maintenance	Does the product have special features, training and on going support	14%						14%
Training	Was training included in the scope?	5%	Yes		Some		None	A
Support Length	Length of Support terms?	5%	5 Years		3 Years		1 Year	A
Collaborative Maintenance Agreements	Are there opportunities to bundle MA together for better pricing?	2%	Yes		Some		No	A
Adverse Vendor	Is the vendor currently under administrative, federal or government actions?	2%	No				Yes	A
Vertical Expertise, Customization & Integration	Does the product have special features, training and on going support	15%						10%
Vertical Expertise in the Health Care Focus	Does the Vendor have Health Care Expertise for Enterprise environment?	5%	Yes				No	A
Customizable options for specific purposes	Is this a customizable options for Health Care Focus?	5%	Yes				No	F
Legacy Application Integration	Will this solution integrate with legacy integration?	5%	Yes				No	A
Total		100%						92%

Scorecard Areas of Focus	Explanation	Weight	A 100%	B 75%	C 50%	D 25%	F 0%	Dell Nutanix Avaya
Price	How much does the platform cost and how do they charge?	35%						34%
Payment Terms	Ranks Vendor according to Payment Terms	10%	60 Months		36 Months		12 months	A
Product Pricing	Total Quantity of Items Purchased in Quarter Compared with Price Quotes from All Capable Vendors	15%	>2.5% Less Than Average	Average +/- 2.5%	>2.5% More than Average	>5% More Than Average	>10% More Than Average	A
Costs vs Pricing Metric	How does the vendor fair in comparison to other vendors?	5%	>2.5% Less Than Average	Average +/- 2.5%	>2.5% More than Average	>5% More Than Average	>10% More Than Average	B
Terms and Conditions Agreement	Has the Vendor Signed and Abided by the T & C's from County Council?	5%	Yes				No	A
Ease of Use & Intuitiveness	How easy and intuitive is the platform to use?	19%						17%
Weighted Average Lead Time	The duration of time from when an order is acknowledged by the vendor to when it is accepted by the freight forwarder. Weighted by Units Shipped.	4%	14-21 Days		21-30 Days		30 + Days	B
Email Response Time - Purchasing	Average time taken to respond to emails with purchasing (buyer or assistant buyer)	3%	Fast Response		Medium Response		Low Response	A
Communication Quality - Purchasing	Quality of communication, especially emails, with purchasing	3%	Clear, easily understandable responses that address every question with suggested solutions		Responses that are sometimes challenging to understand, do not answer all issues, and with no suggested solutions		Responses that are very difficult to understand and/or require translation or additional help. Issues are ignored	A
Flexibility	The flexibility of the vendor to accommodate business requests to the best of their ability	3%	Most special requests and changes are handled without problem. All requests to delay orders are honored		Special request are very difficult to work through and changes are resisted		Special requests and changes are not accepted or extremely hard to complete	B
Late Orders	Number of POs that were shipped after agreed upon ship date without approval	3%	0				1+	A
Minimum Order Quantity	The minimum quantity we can place an order for without any further commitment to buy	3%	1		3		5	B
Technology & Security	Does the Technology and security meet Health Care needs?	17%						17%
Quality Control Issues	Quality control of the product being delivered	5%	>1		3.00		5.00	A
Enterprise Level Technology	Does the Vendor have industry standard enterprise experience?	5%	Yes				No	A
HIPPA, ePHI, PCI, SOX security focuses	Vendor Focused on Health Security Focuses and Metrics	5%						A
Advancement in technology for emerging markets	Has the vendor researched what technology is emerging for health care and how future growth reacts?	2%						A
Features, Support and Maintenance	Does the product have special features, training and on going support	17%						12%
Training	Was training included in the scope?	5%	Yes		Some		None	A
Support Length	Length of Support terms?	5%	5 Years		3 Years		1 Year	C
Collaborative Maintenance Agreements	Are there opportunities to bundle MA together for better pricing?	3%	Yes		Some		No	F
Adverse Vendor	Is the vendor currently under administrative, federal or government actions?	4%	No				Yes	A
Vertical Expertise, Customization & Integration	Does the product have special features, training and on going support	12%						5%
Vertical Expertise in the Health Care Focus	Does the Vendor have Health Care Expertise for Enterprise environment?	5%	Yes				No	A
Customizable options for specific purposes	Is this a customizable options for Health Care Focus?	5%	Yes				No	F
Legacy Application Integration	Will this solution integrate with legacy integration?	2%	Yes				No	F
Total		100%						84%

Scorecard Areas of Focus	Explanation	Weight	A 100%	B 75%	C 50%	D 25%	F 0%	AMS.net
Price	How much does the platform cost and how do they charge?	35%						25%
Payment Terms	Ranks Vendor according to Payment Terms	10%	60 Months		36 Months		12 months	B
Product Pricing	Total Quantity of Items Purchased in Quarter Compared with Price Quotes from All Capable Vendors	15%	>2.5% Less Than Average	Average +/- 2.5%	>2.5% More than Average	>5% More Than Average	>10% More Than Average	A
Costs vs Pricing Metric	How does the vendor fair in comparison to other vendors?	5%	>2.5% Less Than Average	Average +/- 2.5%	>2.5% More than Average	>5% More Than Average	>10% More Than Average	C
Terms and Conditions Agreement	Has the Vendor Signed and Abided by the T & C's from County Council?	5%	Yes				No	F
Ease of Use & Intuitiveness	How easy and intuitive is the platform to use?	19%						10%
Weighted Average Lead Time	The duration of time from when an order is acknowledged by the vendor to when it is accepted by the freight forwarder. Weighted by Units Shipped.	4%	14-21 Days		21-30 Days		30 + Days	D
Email Response Time - Purchasing	Average time taken to respond to emails with purchasing (buyer or assistant buyer)	3%	Fast Response		Medium Response		Low Response	C
Communication Quality - Purchasing	Quality of communication, especially emails, with purchasing	3%	Clear, easily understandable responses that address every question with suggested solutions		Responses that are sometimes challenging to understand, do not answer all issues, and with no suggested solutions		Responses that are very difficult to understand and/or require translation or additional help. Issues are ignored	C
Flexibility	The flexibility of the vendor to accommodate business requests to the best of their ability	3%	Meet special requests and changes are handled without problem. All requests to delay orders are honored.		Special request are very difficult to work through and changes are resisted		Special requests and changes are not accepted or extremely hard to complete	C
Late Orders	Number of POs that were shipped after agreed upon ship date without approval	3%	0				1+	A
Minimum Order Quantity	The minimum quantity we can place an order for without any further commitment to buy	3%	1		3		5	C
Technology & Security	Does the Technology and security meet Health Care needs?	17%						16%
Quality Control Issues	Quality control of the product being delivered	5%	>1		3.00		5.00	A
Enterprise Level Technology	Does the Vendor have industry standard enterprise experience?	5%	Yes				No	A
HIPPA, ePHI, PCI, SOX security focuses	Vendor Focused on Health Security Focuses and Metrics	5%						A
Advancement in technology for emerging markets	Has the vendor researched what technology is emerging for health care and how future growth reacts?	2%						C
Features, Support and Maintenance	Does the product have special features, training and on going support	17%						4%
Training	Was training included in the scope?	5%	Yes		Some		None	F
Support Length	Length of Support terms?	5%	5 Years		3 Years		1 Year	F
Collaborative Maintenance Agreements	Are there opportunities to bundle MA together for better pricing?	3%	Yes		Some		No	F
Adverse Vendor	Is the vendor currently under administrative, federal or government actions?	4%	No				Yes	A
Vertical Expertise, Customization & Integration	Does the product have special features, training and on going support	12%						12%
Vertical Expertise in the Health Care Focus	Does the Vendor have Health Care Expertise for Enterprise environment?	5%	Yes				No	A
Customizable options for specific purposes	Is this a customizable options for Health Care Focus?	5%	Yes				No	A
Legacy Application Integration	Will this solution integrate with legacy integration?	2%	Yes				No	A
Total		100%						67%

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Item #	Qty.	Mfr. Name	Description	Manufacturers Part #	Unit Price	Total
003876521-NEW	2.00	CISCO SYSTEMS INC.	3M UCS SP SELECT 5108 AC2 SYSTCHASSIS W/2208 IO 4X SFP CABLE	UCS-SP-5108-AC	4,904.33	9,808.66
003863467-NEW	10.00	CISCO SYSTEMS INC.	US ONLY ONSITE 24X7X4 UCS SP SELECT 5108 AC2 CHASSIS W/ 2208 IO	CON-OSP-5108AC	239.17	2,391.70
002256195-NEW	5.00	CISCO SYSTEMS INC.	UCS B200 M4 W/O CPU MEM DR BAYS HD MEZZ	UCSB-B200-M4-U	1,092.45	5,462.25
002506028-NEW	25.00	CISCO SYSTEMS INC.	Cisco SMARTnet Onsite - Extended service agreement - replacement - on-site - 24x7 - response time 4 h - for P/N UCSB-B200-M4-U, UCSB-B200-M4-U-RF, UCSB-B200-M4-U-WS	CON-OSP-B200M4U	307.19	7,679.75
003784940-NEW	10.00	CISCO SYSTEMS INC.	2.20GHZ E5-2650 V4 105W 12C 30MB DDR4	UCS-CPU-E52650E	1,223.36	12,233.60
003734952-NEW	120.00	CISCO SYSTEMS INC.	32GB DDR4-2400-MHZ LRDIMM PC4-19200 QUAD	UCS-ML-1X324RV-A	533.84	64,060.80
002306591-NEW	5.00	CISCO SYSTEMS INC.	Cisco FlexStorage - storage controller (RAID)	UCSB-MRAID12G	289.27	1,446.35
002256198-NEW	5.00	CISCO SYSTEMS INC.	Cisco UCS Virtual Interface Card 1340	UCSB-MLOM-40G-03	578.94	2,894.70
003657220-NEW	5.00	CISCO SYSTEMS INC.	UCS BLADE SVR M6 GPU HW GRID 2.0 SW	UCSB-GPU-M6	4,493.94	22,469.70
003699762-NEW	25.00	CISCO SYSTEMS INC.	ONSITE 24X7X4 UCS BLADE SVR NVIDIA GPU	CON-OSP-UCBGPUM6	308.75	7,718.75
003883439-NEW	6.00	CISCO SYSTEMS INC.	B200M4 ADV3 W/ 2XE52650V4 8X32GB VIC1340	UCS-SP-B200M4-B-A3	6,417.11	38,502.66
003889634-NEW	30.00	CISCO SYSTEMS INC.	TAKEOVER US ONLY 24X7X4 OS SNTCNOT SOLD STANDALONE B200M4 ADV3	CON-OSP-B200BA3	331.41	9,942.30
003815112-NEW	96.00	CISCO SYSTEMS INC.	32GB DDR4-2400-MHZ RDIMM PC4-19200 DUAL	UCS-MR-1X322RV-A=	443.29	42,555.84
003427934-NEW	2.00	CISCO SYSTEMS INC.	NOT SOLD STANDALONE UCS SP PERPSELECT 6248 FI W/ 12P LIC	UCS-SP-FI48P	6,968.97	13,937.94

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RETURNS: No returns will be accepted without a Return Authorization (RA) Number, requested within 14 days from the invoice date. Software licensing and special-order products are non-returnable. Other products are subject to manufacturer return policies and restrictions. Additional Terms and Conditions apply and are available on our website.

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Item #	Qty.	Mfr. Name	Description	Manufacturers Part #	Unit Price	Total
003450437-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet Onsite - extended service agreement - on-site	CON-OSP-SMBFI48P	797.33	7,973.30
003920873-NEW	1.00	CISCO SYSTEMS INC.	Cisco ONE Nexus 93180YC-EX - Bundle - switch - L3 - 48 x 1 Gigabit / 10 Gigabit SFP+ + 8 x 40 Gigabit QSFP+ - desktop, rack-mountable - AC 100/240 V - with 8x QSFP-40G-SR-BD (pack of 2)	C1-N9K-C93180-B18Q	23,966.95	23,966.95
003920887-NEW	10.00	CISCO SYSTEMS INC.	SNTC-8X5XNBD ONE NEXUS 93180YC-EX BDL	CON-SNT-C1N9K9UN	881.06	8,810.60
003665067-NEW	8.00	CISCO SYSTEMS INC.	QSFP to SFP10G adapter	CVR-QSFP-SFP10G=	197.16	1,577.28
A 05335008	12.00	CISCO SYSTEMS INC.	Cisco - SFP+ transceiver module - fiber optic - plug-in module - up to 1640 ft - 850 nm	DS-SFP-FC8G-SW=	88.38	1,060.56
002400924-NEW	16.00	CISCO SYSTEMS INC.	Cisco - SFP+ transceiver module - 10 Gigabit Ethernet - 10GBase-SR - LC/PC multi-mode - up to 984 ft - 850 nm - for Catalyst Switch Module 3012, Switch Module 3110G, Switch Module 3110X Nexus 5010	SFP-10G-SR	555.17	8,882.72
002961237-NEW	6.00	CISCO SYSTEMS INC.	Cisco - SFP+ transceiver module - 10 Gigabit Ethernet - 10GBase-SR - LC/PC multi-mode - up to 1310 ft - 850 nm - for Cisco Generic Expansion Module Nexus 22XX, 30XX, 31XX, 3548 ONE Nexus 55XX UCS 62XX	SFP-10G-SR-S	274.00	1,644.00
P 01575042	10.00	CISCO SYSTEMS INC.	Cisco - Transceiver module - SFP - Gigabit EN - 1000Base-T	GLC-T	220.39	2,203.90
002083471-NEW	2.00	CISCO SYSTEMS INC.	ASA 5585-X SSP-10 FIREPOWER SSP-10 16GE	ASA5585-S10F10-K9	27,075.03	54,150.06
002598638-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet extended service agreement	CON-SNT-A85S1F19	3,649.13	36,491.30
P 05723213 SPO	2.00	CISCO SYSTEMS INC.	ASA 5585-X AC Power Supply	ASA5585-PWR-AC	1,421.99	2,843.98

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P 01166075	6.00	CISCO SYSTEMS INC.	Cisco - Transceiver module - SFP - Gigabit EN - 1000Base-T	GLC-T=	226.87	1,361.22
004001659-NEW	2.00	CISCO SYSTEMS INC.	Cisco SFP+ Copper Twinax Cable - Direct attach cable - SFP+ to SFP+ - 10 ft - twinaxial - SFF-8436/IEEE 802.3ae - for Catalyst 2960, 2960-24, 2960-48, 2960G-24, 2960G-48, 2960S-24, 2960S-48 UCS 6140	SFP-H10GB-CU3M=	61.67	123.34
002977049-NEW	2.00	CISCO SYSTEMS INC.	Cisco ONE ASR 1001-X - Router - GigE - rack-mountable	C1-ASR1001-X/K9	13,567.25	27,134.50
003363841-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N C1-ASR1001-X/K9	CON-SNT-A1001XK9	1,192.83	11,928.30
A 05590459	8.00	CISCO SYSTEMS INC.	Cisco - SFP (mini-GBIC) transceiver module - 1000Base-T - RJ-45 - plug-in module	SFP-GE-T	252.28	2,018.24
003434610-NEW	4.00	CISCO SYSTEMS INC.	Cisco - SFP (mini-GBIC) transceiver module - 1 Gbps	GLC-SX-MMD	282.05	1,128.20
002559237-NEW	2.00	CISCO SYSTEMS INC.	ASR1001-X 16GB DRAM	M-ASR1001X-16GB=	8,787.88	17,575.76
003125051-NEW	2.00	CISCO SYSTEMS INC.	ONE CATALYST 3650 24PT DATA 2X10G UPLINK	C1-WS3650-24TD/K9	2,734.01	5,468.02
002854391-NEW	2.00	CISCO SYSTEMS INC.	Cisco ONE Catalyst 4500-X - Switch - 32 x 1 Gigabit SFP/ 10 Gigabit SFP+ - rack-mountable	C1-C4500X-32SFP+	14,912.76	29,825.52
002956957-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N C1-C4500X-32SFP+	CON-SNT-C4X32SFP	1,524.92	15,249.20
P 03683563	2.00	CISCO SYSTEMS INC.	Cisco 8-Port 10 Gigabit Ethernet Network Module - expansion module - 8	C4KX-NM-8SFP+	4,184.71	8,369.42
001542151-NEW	2.00	CISCO SYSTEMS INC.	Catalyst 4500X 750W AC front to back cooling power supply	C4KX-PWR-750AC-R	1,018.89	2,037.78
P 03688466	2.00	CISCO SYSTEMS INC.	Catalyst 4500X 750W AC front to back cooling 2nd PWR supply	C4KX-PWR-750AC-R/2	1,018.89	2,037.78

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Item #	Qty.	Mfr. Name	Description	Manufacturers Part #	Unit Price	Total
003434610-NEW	132.00	CISCO SYSTEMS INC.	Cisco - SFP (mini-GBIC) transceiver module - 1 Gbps	GLC-SX-MMD	282.05	37,230.60
P 03646746	6.00	CISCO SYSTEMS INC.	1000BASE-LX/LH SFP transceiver module, MMF/SMF, 1310nm, DOM	GLC-LH-SMD	571.50	3,429.00
P 03240179	2.00	CISCO SYSTEMS INC.	Cisco - Flash memory card - 2 GB - SD	SD-X45-2GB-E	308.34	616.68
001085196-NEW	2.00	CISCO SYSTEMS INC.	Cisco - USB flash drive - 4 GB	USB-X45-4GB-E	313.29	626.58
002957820-NEW	124.00	ENET COMPONENTS INC	3M FIBER MMF ST/LC 50/125 CABLDUPLEX ORANGE CABLE	STLC-50-3M-ENC	11.52	1,428.48
002977084-NEW	78.00	CISCO SYSTEMS INC.	Cisco ONE Catalyst 3650-48FD - Switch - managed - 48 x 10/100/1000 (PoE+) + 2 x 10 Gigabit SFP+ - desktop, rack-mountable - PoE+ (775 W)	C1-WS3650-48FD/K9	4,659.19	363,416.82
002570544-NEW	75.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N C1-WS3650-48FD/K9	CON-SNT-3648FDK9	513.39	38,504.25
001391726-NEW	98.00	CISCO SYSTEMS INC.	1025W AC CONFIG 2 SECONDARY P/S	PWR-C2-1025WAC/2	840.00	82,320.00
003774010-NEW	80.00	CISCO SYSTEMS INC.	Cisco Catalyst 3650 Stack Module	C3650-STACK-KIT	771.46	61,716.80
P 01575042	2.00	CISCO SYSTEMS INC.	Cisco - Transceiver module - SFP - Gigabit EN - 1000Base-T	GLC-T	243.58	487.16
004001659-NEW	15.00	CISCO SYSTEMS INC.	Cisco SFP+ Copper Twinax Cable - Direct attach cable - SFP+ to SFP+ - 10 ft - twinaxial - SFF-8436/IEEE 802.3ae - for Catalyst 2960, 2960-24, 2960-48, 2960G-24, 2960G-48, 2960S-24, 2960S-48 UCS 6140	SFP-H10GB-CU3M=	61.67	925.05
001733512-NEW	33.00	CISCO SYSTEMS INC.	1M STACKING CBL TYPE 2	STACK-T2-1M	115.12	3,798.96

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Ship To:
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Account Executive
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Fax:(253) 205-2770

Email:Ryan.Keep@zones.com

Item #	Qty.	Mfr. Name	Description	Manufacturers Part #	Unit Price	Total
003612385-NEW	6.00	CISCO SYSTEMS INC.	Cisco Aironet 3802I - Wireless access point - 802.11ac Wave 2 - 802.11a/b/g/n/ac Wave 2 - Dual Band (pack of 10)	AIR-AP3802I-BK910	8,405.80	50,434.80
003593034-NEW	18.00	CISCO SYSTEMS INC.	802.11AC W2 AP CA 4X43 MOD INT ANT MGIG	AIR-AP3802I-B-K9	840.58	15,130.44
002611419-NEW	3.00	CISCO SYSTEMS INC.	Cisco ISR 4431 - Router - GigE - rack-mountable	C1-CISCO4431/K9	6,137.56	18,412.68
002926906-NEW	15.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N C1-CISCO4431/K9	CON-SNT-C14431K9	831.09	12,466.35
003693325-NEW	3.00	CISCO SYSTEMS INC.	AC Power Supply (Secondary PS) for Cisco ISR 4430/CAB-ACSA x 4 nos/FL-CUBEE-25 x 2 nos/NIM-BLANK x 4 nos/MEM-4400-4G x 2 nos/MEM-FLSH-8G x 2 nos/MEM-4400-DP-2G x 2 nos/PVDM4-64 x 2 nos/SL-44-UC-K9 x 2 nos/SISR4400UK9-316S x 2 nos	PWR-4430-AC/2	459.50	1,378.50
001355861-NEW	3.00	CISCO SYSTEMS INC.	2PT MULTIFLEX TRUNK VOICE/CLEAR-CH DATA	NIM-2MFT-T1/E1	1,227.51	3,682.53
002998804-NEW	3.00	CISCO SYSTEMS INC.	2PT FXS/FXS-E/DID AND 4PT FXO NTWK I/F	NIM-2FXS/4FXO	781.14	2,343.42
004301104-NEW	2.00	PALO ALTO NETWORKS	Palo Alto Networks PA-3060	PAN-PA-3060	24,025.98	48,051.96
004578572-NEW	2.00	PALO ALTO NETWORKS	Premium support 5 year prepaid, PA-3060	PAN-SVC-PREM-3060-5YR	22,335.36	44,670.72
003894138-NEW	4.00	PALO ALTO NETWORKS	SFP SX transceiver (PA-7000 series, PA-5000 series, PA-4000 series, PA-3000 Series, PA-2000 series)	PAN-SFP-SX	409.35	1,637.40
001755677-NEW	2.00	F5 NETWORKS INC	BIG-IP SWITCH 10250V BEST VCMP PERP48G MAX SSL AND COMP	F5-BIG-BT-10250V	116,480.95	232,961.90

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Item #	Qty.	Mfr. Name	Description	Manufacturers Part #	Unit Price	Total
003864405-NEW	10.00	F5 NETWORKS INC	F5 BIG-IP Service Premium (Level 1-3) - Technical support - phone consulting - 1 year - 24x7 - for BIG-IP Application Accelerator 3400 v9, Local Traffic Manager 6400 v9	F5-SVC-BIG-PRE-L1-3	23,153.00	231,530.00
001242812-NEW	2.00	F5 NETWORKS INC	F5 BIG-IP Short Range - SFP (mini-GBIC) transceiver module - 1000Base-	F5-UPG-SFP-R		0.00
002699356-NEW	3.00	CISCO SYSTEMS INC.	Cisco ONE ISR 4451-X - Router - GigE - rack-mountable	C1-CISCO4451/K9	10,139.86	30,419.58
003049107-NEW	15.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N C1-CISCO4451/K9	CON-SNT-C14451K9	1,524.92	22,873.80
P 01575042	6.00	CISCO SYSTEMS INC.	Cisco - Transceiver module - SFP - Gigabit EN - 1000Base-T	GLC-T	226.87	1,361.22
001229420-NEW	3.00	CISCO SYSTEMS INC.	PVDM4 64-CH TO 128-CH FACTORY UPG	PVDM4-64U128	1,785.48	5,356.44
001150688-NEW	3.00	CISCO SYSTEMS INC.	AC Power Supply (Secondary PS) for Cisco ISR 4450	PWR-4450-AC/2	446.37	1,339.11
002482832-NEW	3.00	CISCO SYSTEMS INC.	4PT NTWK I/F MOD FXO UNIV	NIM-4FXO	557.96	1,673.88
002482831-NEW	3.00	CISCO SYSTEMS INC.	4PT NTWK I/F MOD FXS FXS-E DID	NIM-4FXS	557.96	1,673.88
001229419-NEW	3.00	CISCO SYSTEMS INC.	1PT MULTIFLEX TRUNK VOICE/CLEAR-CH DATA	NIM-1MFT-T1/E1	797.89	2,393.67
002260004-NEW	3.00	CISCO SYSTEMS INC.	SM-X MOD W/ 4PT DUAL MODE GE/SFP OR 1PT	SM-X-4X1G-1X10G	4,443.98	13,331.94
002922871-NEW	2.00	CISCO SYSTEMS INC.	Cisco ONE Catalyst 3650-24PD - Switch - managed - 24 x 10/100/1000 (PoE+) + 2 x 10 Gigabit SFP+ - desktop, rack-mountable - PoE+ (390 W)	C1-WS3650-24PD/K9	3,299.79	6,599.58

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Item #	Qty.	Mfr. Name	Description	Manufacturers Part #	Unit Price	Total
002715977-NEW	2.00	CISCO SYSTEMS INC.	Cisco Catalyst 3560CX-12PC-S - Switch - managed - 12 x 10/100/1000 (PoE+) + 2 x combo Gigabit SFP - desktop, rack-mountable, DIN rail mountable, wall-mountable - PoE+ (240 W)	WS-C3560CX-12PC-S	935.31	1,870.62
002702541-NEW	1.00	CISCO SYSTEMS INC.	Cisco Catalyst 3560CX-8PC-S - Switch - managed - 8 x 10/100/1000 (PoE+) + 2 x combo Gigabit SFP - desktop - PoE+	WS-C3560CX-8PC-S	791.37	791.37
004001659-NEW	4.00	CISCO SYSTEMS INC.	Cisco SFP+ Copper Twinax Cable - Direct attach cable - SFP+ to SFP+ - 10 ft - twinaxial - SFF-8436/IEEE 802.3ae - for Catalyst 2960, 2960-24, 2960-48, 2960G-24, 2960G-48, 2960S-24, 2960S-48 UCS 6140	SFP-H10GB-CU3M=	61.67	246.68
003450722-NEW	1.00	CISCO SYSTEMS INC.	Cisco UCS SmartPlay Select C220 M4S Advanced 1 (Not sold Standalone) - Server - rack-mountable - 1U - 2-way - 2 x Xeon E5-2680v3 / 2.5 GHz - RAM 128 GB - SAS - hot-swap 2.5 - no HDD - G200e - GigE, 10 GigE, 10Gb FCoE - no OS - monitor none	UCS-SP-C220M4-A1	9,971.70	9,971.70
001336083-NEW	1.00	CISCO SYSTEMS INC.	Intel Ethernet Converged Network Adapter X540-T2 - network adapter	UCSC-PCIE-ITG=	776.68	776.68
003804829-NEW	5.00	CISCO SYSTEMS INC.	Cisco SMARTnet Onsite - extended service agreement - on-site	CON-OSP-SMC220A1	475.20	2,376.00
003421989-NEW	8.00	CISCO SYSTEMS INC.	16GB DDR4-2133-MHZ RDIMM PC4-17000 DUAL	UCS-SPM-M16-RUA	164.46	1,315.68
001746003-NEW	4.00	CISCO SYSTEMS INC.	1.2TB HD 6GB SAS 10K RPM SFF	UCS-HD12T10KS2-E	207.91	831.64
002699356-NEW	1.00	CISCO SYSTEMS INC.	Cisco ONE ISR 4451-X - Router - GigE - rack-mountable	C1-CISCO4451/K9	10,139.86	10,139.86
003049107-NEW	1.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N C1-CISCO4451/K9	CON-SNT-C14451K9	1,524.92	1,524.92

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001229420-NEW	1.00	CISCO SYSTEMS INC.	PVDM4 64-CH TO 128-CH FACTORY UPG	PVDM4-64U128	1,785.48	1,785.48
P 01575042	2.00	CISCO SYSTEMS INC.	Cisco - Transceiver module - SFP - Gigabit EN - 1000Base-T	GLC-T	226.87	453.74
001150688-NEW	1.00	CISCO SYSTEMS INC.	AC Power Supply (Secondary PS) for Cisco ISR 4450	PWR-4450-AC/2	446.37	446.37
002482832-NEW	1.00	CISCO SYSTEMS INC.	4PT NTWK I/F MOD FXO UNIV	NIM-4FXO	557.96	557.96
002482831-NEW	1.00	CISCO SYSTEMS INC.	4PT NTWK I/F MOD FXS FXS-E DID	NIM-4FXS	557.96	557.96
002260004-NEW	1.00	CISCO SYSTEMS INC.	SM-X MOD W/ 4PT DUAL MODE GE/SFP OR 1PT	SM-X-4X1G-1X10G	4,443.98	4,443.98
003742984-KNC	1.00	NIMBLE STORAGE	AF5000, 2X10GBASET, DUAL 16GBFC ONLY (QTY. 2 PAIR), QTY 1 X 92TB FLASH PACK	AF5000-4F-92T-1	279,600.00	279,600.00
004432743-KNC	1.00	NIMBLE STORAGE	SMARTSTACK FOR AF5000	SMARTSTACKAF5000		0.00
003611151-KNC	1.00	NIMBLE STORAGE	4HR PARTS DEL, SW SUP INFOSIGHT - AFA	SLA-4HR-AFA	83,654.22	83,654.22
004207451-KNC	1.00	NIMBLE STORAGE	CS3000, 2X10GBASET, DUAL 16GBFC ONLY (QTY. 1 PAIR), 21 X 4TB HDD, QTY 1 X 3 X 1920GB SSDS	C3K-2F-84T-F	78,899.71	78,899.71
004374283-KNC	1.00	NIMBLE STORAGE	4HR PARTS DEL, SW SUP INFOSIGHT - NEXTGEN ARRAYS	SLA-4HR	26,668.18	26,668.18
004416694-NEW	4.00	CISCO SYSTEMS INC.	Cisco ASR1001-HX System,8x10GE+8x1GE,2xP/S, optional crypto	ASR1001-HX	53,310.89	213,243.56
004407234-NEW	20.00	CISCO SYSTEMS INC.	CCW ONLY SOLN SUPP 8X5XNBD ASR1001-HX SYS	CON-SSSNT-ASR1XH11	8,454.83	169,096.60
002037872-NEW	2.00	CISCO SYSTEMS INC.	MDS 9148S 16G FC SWCH W/ 12 ACTIVE PT	DS-C9148S-D12P8K9	4,921.21	9,842.42

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002036475-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N DS-C9148S-48PK9-RF, DS-C9148S-D24P8K9, DS-C9148S-D24PSK9, DS-C9148S-K9=	CON-SNT-C48S	283.81	2,838.10
A 03625562	3.00	CISCO SYSTEMS INC.	Cisco ASA 5555-X Firewall Edition - Security appliance - 8 ports - Gigabit Ethernet - 1U - rack-mountable	ASA5555-K9	14,740.63	44,221.89
001727472-NEW	15.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N ASA5555-K9, ASA5555-K9-RF, ASA5555-K9-WS	CON-SNT-A55K9	2,461.30	36,919.50
003774011-NEW	2.00	CISCO SYSTEMS INC.	Cisco Catalyst 6880-X-Chassis (Standard Tables)	C6880-X-LE	20,967.56	41,935.12
001868109-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N C6880-X-LE, C6880-X-LE=, C6880-X-LE-RF	CON-SNT-C6880XLE	2,563.80	25,638.00
001626868-NEW	6.00	CISCO SYSTEMS INC.	CATALYST 6880-X MULTI RATE PT CARD STD	C6880-X-LE-16P10G	7,730.08	46,380.48
001464081-NEW	2.00	CISCO SYSTEMS INC.	CATALYST 6880-X AIR DAM FOR CPNTNEBS	C6880-X-NEBS-PAK	41.22	82.44
001464080-NEW	4.00	CISCO SYSTEMS INC.	CATALYST 6880-X 3KW AC PWR PWR SUPPLY	C6880-X-3KW-AC	842.00	3,368.00
003774019-NEW	20.00	CISCO SYSTEMS INC.	Cisco Catalyst 3650-48FD-S - Switch - L3 - managed - 48 x 10/100/1000 (PoE+) + 2 x 10 Gigabit SFP+ - desktop, rack-mountable - PoE+ (775 W) - AC 120/230 V	WS-C3650-48FD-S	4,290.82	85,816.40
001876074-NEW	12.00	CISCO SYSTEMS INC.	32GB SD CARD FOR UCS SVR FLSH	UCS-SD-32G-S=	68.25	819.00

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004542758-NEW	28.00	CISCO SYSTEMS INC.	Cisco ONE Catalyst 3650-48UR - Switch - L3 - managed - 36 x 10/100/1000 (UPOE) + 12 x 100/1000/2.5G/5G/10G (UPOE) + 8 x 10 Gigabit SFP+ (uplink) - desktop, rack-mountable - UPOE	C1-WS3650-48UR/K9	6,917.65	193,694.20
004543051-NEW	140.00	CISCO SYSTEMS INC.	Cisco SMARTnet - Extended service agreement - replacement - 8x5 - response time NBD - for P/N C1-WS3650-48UR/K9	CON-SNT-C148URK9	673.75	94,325.00
004234224-NEW	28.00	CISCO SYSTEMS INC.	Cisco Deal ID- 23606539 1100W AC Config 1 Secondary Power Supply	PWR-C1-1100WAC/2	1,021.22	28,594.16
A 00399991	10.00	C2G	C2G Patch cable - LC multi-mode M - LC multi-mode	33027	12.60	126.00
A 00399993 SPO	10.00	C2G	C2G 3m LC-LC 50/125 OM2 Duplex Multimode PVC Fiber Optic Cable - Orange	33029	15.72	157.20
A 01476970	10.00	C2G	C2G 5M CBL MMF LC-LC 50/125	33031	16.18	161.80
A 01575367	10.00	C2G	C2G patch cable - 33 ft	33036	18.96	189.60

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USA

Account # 0045089679
Quote : K0499502
PO# :

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Email:Ryan.Keep@zones.com

Item #	Qty.	Mfr. Name	Description	Manufacturers Part #	Unit Price	Total
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ASK US ABOUT

Installation Services

On-site Technical Services and Hourly Service Rates

Remote Help Desk and Remote Network OS Support

Sub-Total: \$3,363,553.33

Estimated Sales Tax: \$178,840.29

LTL Manual Drop Heavy: \$4,480.19

Grand Total: \$3,546,873.81

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003000082-NEW	12.00	CISCO SYSTEMS INC.	ONE FOUNDATION ENT CLOUD ENT CLOUD UCS	C1F2PUCS10K9	821.78	9,861.36
002982930-NEW	60.00	CISCO SYSTEMS INC.	CCW ONLY SWSS UPG C1 FOUNDATIONSVCS PERPETUAL UCS 10/1/1949	CON-ECMU-CF2PUCS1	221.57	13,294.20
003669652-NEW	700.00	CISCO SYSTEMS INC.	GRID S/W FOR NVIDIA VDI PC 1CCU 1YR SUMS	NV-GRDPC-1-1S	95.91	67,137.00
003669482-NEW	3500.00	CISCO SYSTEMS INC.	NVIDIA GRID - (1 year)	NV-GRID-PCP-1YR	29.30	102,550.00
003088163-NEW	2.00	CISCO SYSTEMS INC.	Cisco ONE Nexus 9300 - switch - managed	C1F2PNEX9300K9	8,095.50	16,191.00
003774031-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet Software Support Service - Technical support - for C1F2PNEX9300K9 - phone consulting - 1 year - 24x7	CON-ECMU-C1F2PNEX	1,343.10	13,431.00
002209647-NEW	2.00	CISCO SYSTEMS INC.	ONE FOUNDATION PERPETUAL CAT6000 BDL	C1FBPCAT6000S	58.22	116.44
003082259-NEW	10.00	CISCO SYSTEMS INC.	Cisco One support CON-ECMU-C1FBPC6S	CON-ECMU-C1FBPC6S	31.85	318.50
003290987-NEW	2.00	CISCO SYSTEMS INC.	ONE ADV PERP CAT6880 BDL	C1ABPCAT6880S	5,325.99	10,651.98
003108586-NEW	10.00	CISCO SYSTEMS INC.	TAKEOVER SMARTNET SWSS UPG C1 SVCSADVD PERPETUAL CAT6880 BUNDLE	CON-ECMU-CABC688S	1,270.77	12,707.70
003865641-NEW	2.00	CISCO SYSTEMS INC.	ANYCONNECT VPN ONLY 50 SIMULTANEOUS ASA	AC-VPNO-50	3,940.46	7,880.92
003874975-NEW	10.00	CISCO SYSTEMS INC.	S/W APP SUP W/ UPG	CON-SAU-ACVA50	1,154.96	11,549.60
002175721-NEW	50.00	CISCO SYSTEMS INC.	5YR ADVANCED MALWARE PROTECTIONSVCS50-99NODES	FP-AMP-5Y-S1	157.58	7,879.00

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002935367-NEW	2.00	CISCO SYSTEMS INC.	Cisco ASA with FirePOWER Services IPS, Apps, AMP and URL Filtering - Subscription license (5 years) - 1 appliance - promo - ESD - for ASA 5585-X	L-ASA5585-10TAMC5Y	31,451.35	62,902.70
002500202-NEW	1.00	CISCO SYSTEMS INC.	Cisco Firepower Management Center,(VMWare) for 2 devices	FS-VMW-2-SW-K9	250.37	250.37
002088660-NEW	5.00	CISCO SYSTEMS INC.	SW APP SUPP + UPGR CISCO FireSIGHT Management	CON-SAU-VMWSW2	84.72	423.60
002977064-NEW	2.00	CISCO SYSTEMS INC.	CISCO1 FND PERPETUAL STE-AES IPSEC FW AVC PRIME	C1F1PASR1K9	9,493.08	18,986.16
002982932-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet Software Support Service - Technical support - for C1F1PASR1K9 - phone consulting - 1 year - 24x7	CON-ECMU-CFPASR11	2,223.85	22,238.50
002842017-NEW	4.00	CISCO SYSTEMS INC.	ONE FOUNDATION PERPETUAL PERPCATALYST 3650 24PORT	C1FPCAT36501K9	549.22	2,196.88
003384707-NEW	20.00	CISCO SYSTEMS INC.	Cisco Smart Net Total Care Software Support Service - Technical support - for C1FPCAT36501K9 - phone consulting - 1 year - 24x7	CON-NEMU-C1FC3651	139.33	2,786.60
002699341-NEW	2.00	CISCO SYSTEMS INC.	Cisco ONE Foundation - License - 1 switch - for Catalyst 4500-X ONE Catalyst 4500-X	C1FAPCAT4500X	58.22	116.44
002699628-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet Software Support Service - Technical support - phone consulting - 1 year - 24x7	CON-ECMU-C1FA4500X	22.99	229.90
002956958-NEW	2.00	CISCO SYSTEMS INC.	ADV PERP CAT4500X 32P STD	C1AAPCAT4500X	4,463.69	8,927.38
002986714-NEW	10.00	CISCO SYSTEMS INC.	SWSS UPG C1 ADV PERP CAT4500X 32P STD	CON-ECMU-C1AA4500X	1,016.61	10,166.10
001502189-NEW	2.00	F5 NETWORKS INC	BIG-IP Add-On EDGE Gateway Local Traffic Manager + Access Policy Manager - License - 500 concurrent users	F5-ADD-BIG-USER-500	4,828.95	9,657.90

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001504068-NEW	10.00	F5 NETWORKS INC	F5 BIG-IP Service Premium (Level 1-3) - Technical support - phone consulting - 1 year - 24x7 - for BIG-IP Application Accelerator 3400 v9, Local Traffic Manager 6400 v9	F5-SVC-BIG-PRE-L1-3	822.00	8,220.00
004578573-NEW	1.00	PALO ALTO NETWORKS	Palo Alto Networks AutoFocus Threat Intelligence Service Standard subscription 5 year	PAN-AF-5YR	132,749.80	132,749.80
004578570-NEW	2.00	PALO ALTO NETWORKS	PANDB URL Filtering subscription 5-year prepaid for device in an HA pair, PA-3060	PAN-PA-3060-URL4-5YR-HA2	19,526.81	39,053.62
004578571-NEW	2.00	PALO ALTO NETWORKS	WildFire subscription 5-year prepaid for device in an HA pair, PA-3060	PAN-PA-3060-WF-5YR-HA2	19,526.81	39,053.62
004578569-NEW	2.00	PALO ALTO NETWORKS	Threat prevention subscription 5-year prepaid for device in an HA pair, PA-3060	PAN-PA-3060-TP-5YR-HA2	19,526.81	39,053.62
002551509-NEW	106.00	CISCO SYSTEMS INC.	ONE C1FPCAT36502K9	C1FPCAT36502K9	993.27	105,286.62
003334775-NEW	530.00	CISCO SYSTEMS INC.	Cisco SMARTnet Software Support Service - Technical support - for C1FPCAT36502K9 - phone consulting - 1 year - 24x7	CON-ECMU-C1FC3652	254.15	134,699.50
002720489-NEW	78.00	CISCO SYSTEMS INC.	ONE FOUNDATION PERPETUAL CPNTWIRELESS	C1FPAIRK9	123.74	9,651.72
002721344-NEW	390.00	CISCO SYSTEMS INC.	Cisco SMARTnet Software Support Service - Technical support - for C1FPAIRK9 - phone consulting - 1 year - 24x7	CON-ECMU-C1FPAIR	40.54	15,810.60
002611097-NEW	6.00	CISCO SYSTEMS INC.	Cisco ONE Foundation - License - 1 router - includes Security, AppX, Prime Infrastructure and Assurance license, Cisco vNAM (150 Mbps), Cisco Energy Management (JouleX)) (500 end point)	C1F1PISR4400SK9	3,347.76	20,086.56
003192545-NEW	30.00	CISCO SYSTEMS INC.	SWSS UPG ONE FOUNDATION PERP LIC I	CON-ECMU-C1F1PISR	677.74	20,332.20
003050050-NEW	6.00	CISCO SYSTEMS INC.	Cisco ONE Advanced Unified Communication - License - 1 router - CME/SRST (50 seats), CUBE license (50 sessions)	C1AUPISR4400SK9	2,275.17	13,651.02

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002988342-NEW	30.00	CISCO SYSTEMS INC.	US ONLY SWSS UPG C1 ADVANCED SVCS PERPETUAL LICs ISR 4400	CON-ECMU-C1A4400S	415.44	12,463.20
002842017-NEW	2.00	CISCO SYSTEMS INC.	ONE FOUNDATION PERPETUAL PERPCATALYST 3650 24PORT	C1FPCAT36501K9	549.22	1,098.44
002849123-NEW	10.00	CISCO SYSTEMS INC.	Cisco SMARTnet Software Support Service - Technical support - for C1FPCAT36501K9 - phone consulting - 1 year - 24x7	CON-ECMU-C1FC3651	139.33	1,393.30
003964872-NEW	3.00	CISCO SYSTEMS INC.	ONE FOUNDATION PERP CATALYST 3560CX	C1F1PCAT3560CXK9	114.87	344.61
004002864-NEW	15.00	CISCO SYSTEMS INC.	TAKEOVER US ONLY UPG SMARTNET SWSS ONE FOUNDATION	CON-ECMU-C1F1PCAT	25.20	378.00
002855811-NEW	2.00	VMWARE INC	VMware vSphere Enterprise Plus - (v. 6) - license - 1 processor	VS6-EPL-C	2,993.53	5,987.06
003496684-NEW	2.00	VMWARE INC	VMware Support and Subscription Production - Technical support - for VMware vSphere Enterprise Plus Edition (v. 6) - 1 processor - emergency phone consulting - 1 year - 24x7 - response time 30 min	VS6-EPL-P-SSS-C	877.05	1,754.10
P 03300195	4.00	CISCO SYSTEMS INC.	Cisco IOS Advanced Enterprise Services - License	SLASR1-AES	5,579.61	22,318.44
004163573-NEW	40.00	CISCO SYSTEMS INC.	Cisco SMARTnet Solution Support - extended service agreement	CON-SSNT-SLASR1AM	853.04	34,121.60
003645194-NEW	2.00	CISCO SYSTEMS INC.	ONE FOUNDATION PERP MDS 9100	C1F1PMDS9100K9	5,133.24	10,266.48
003607331-NEW	10.00	CISCO SYSTEMS INC.	TAKEOVER US ONLY UPG SWSS ONE SVCS FOUNDATION PERPETUAL MDS 9100	CON-ECMU-C1F1PMDS9	1,169.11	11,691.10
001282591-NEW	1.00	CISCO SYSTEMS INC.	IDENTITY SVC ENGINE VM EDELIVERY	R-ISE-VM-K9=	3,407.08	3,407.08
003019812-NEW	5.00	CISCO SYSTEMS INC.	TAKEOVER SMARTNET SW APP SUP + SVCSUPG CISCO IDENTITY SVC	CON-SAU-R-ISE-VM	296.52	1,482.60

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003469183-NEW	1.00	CISCO SYSTEMS INC.	SE DEV ADMIN LIC	L-ISE-TACACS=	2,275.17	2,275.17
003483014-NEW	20.00	CISCO SYSTEMS INC.	ONE UPG TO FOUND PERP CATALYST 3650 48PT	C1FUCAT36502K9	11.98	239.60
003334775-NEW	100.00	CISCO SYSTEMS INC.	Cisco SMARTnet Software Support Service - Technical support - for C1FPCAT36502K9 - phone consulting - 1 year - 24x7	CON-ECMU-C1FC3652	254.15	25,415.00
003675551-NEW	2.00	CISCO SYSTEMS INC.	ONE FOUNDATION PERP CAT 6800 BDL	C1FBACAT6800S	70.00	140.00
003082259-NEW	10.00	CISCO SYSTEMS INC.	Cisco One support CON-ECMU-C1FBPC6S	CON-ECMU-C1FBPC6S	32.36	323.60

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Fax:(253) 205-2770

Email:Ryan.Keep@zones.com

Item #	Qty.	Mfr. Name	Description	Manufacturers Part #	Unit Price	Total
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ASK US ABOUT

Installation Services

On-site Technical Services and Hourly Service Rates

Remote Help Desk and Remote Network OS Support

Sub-Total: \$1,125,199.49
Estimated Sales Tax: \$19,806.39
FedEx Ground: \$0.00
Grand Total: \$1,145,005.88

Visit us on the web: <http://www.zones.com>

ZONES INC
1102 15th Street S.W. Suite 102
Auburn, USA 98001
Phone: (800) 419-9663



CERTIFIED
as an NMBC
**MINORITY BUSINESS
ENTERPRISE**
by the NMSDC

Shipping Terms: For all shipments, Zones will arrange for shipping to the customer's destination; however, such costs are the responsibility of the customer. For shipments made during the seven calendar days preceding the end of each calendar quarter, title and risk of loss will pass to the customer upon delivery by Zones to the carrier. For all orders shipped within this seven day period, Zones will obtain third-party insurance at its own expense and will assist the customer in filing any claims with the insurance company arising from loss or damage to the shipment during transit. Prices are quoted by volume, and are subject to change without notice. Products sold by Zones are third party products and are subject to the warranties and representations of the applicable manufacturers.
RETURNS: No returns will be accepted without a Return Authorization (RA) Number, requested within 14 days from the invoice date. Software licensing and special-order products are non-returnable. Other products are subject to manufacturer return policies and restrictions. Additional Terms and Conditions apply and are available on our website.

WE APPRECIATE THIS OPPORTUNITY TO EARN YOUR BUSINESS, AND LOOK FORWARD TO SERVING YOU SOON! THANK YOU!

MASTER PRODUCT SALES AGREEMENT

This MASTER PRODUCT SALES AGREEMENT ("**Agreement**") by and between Zones, Inc. ("**Seller**") and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center ("**Customer**") is effective as of January 10, 2017 ("**Effective Date**").

1. GENERAL DEFINITIONS.

- 1.1. "**Affiliate**" means an entity that owns, is owned by, or is under common ownership with, a Party.
- 1.2. "**Confidential Information**" means information that is owned or possessed by a Party, its Affiliates or its or their Personnel, that either is marked as "confidential" or "proprietary" or otherwise due to its nature reasonably would be deemed to be confidential, and that is disclosed or accessed pursuant to this Agreement.
- 1.3. "**Party**" means Seller or Customer, and "**Parties**" means Seller and Customer.
- 1.4. "**Personnel**" means owners, directors, officers, employees, agents or contractors of a Party.
- 1.5. "**Purchase Order**" or "**PO**" means a written order for Sales Offerings submitted by Customer to Seller either in hard copy or electronic form in accordance with the terms of this Agreement.
- 1.6. "**Sales Offering**" means Product or Product Support (as defined herein).

2. PRODUCTS AND PRODUCT SUPPORT SALES.

2.1. **Product Purchasing.** Customer shall be entitled to purchase hardware, software, and other items that are commercially available in Seller's catalog (each a "**Product**") and warranties, maintenance and other Product support services that are resold by Seller, that are performed by a third party, and for which Customer contracts separately with such third party ("**Product Support**") according to the terms and conditions set forth in this Agreement.

2.2. **Product Quotes.** Seller may from time to time provide quotes to Customer, orally or in writing, specifying quantities and the corresponding prices for identified Products or Product Support in accordance with this Agreement ("**Quote**"). Any Quote is presented for reference purposes only and shall not be deemed to be an offer.

2.3. **Product Pricing.** Any pricing is subject to change, except pricing that appears in a Purchase Order accepted by Seller ("**Confirmed Pricing**"). Other than with respect to Confirmed Pricing, Seller reserves the right to make adjustments to pricing, Products and Product Support for reasons including, but not limited to, changing market conditions, manufacturer price changes, errors in advertisements or Quotes, or Product unavailability or discontinuation.

2.4. **Products POs.** Customer makes offers to purchase Products or Product Support hereunder by submitting a Purchase Order to Seller. Customer also may request Products or Product Support via telephone; provided that Customer confirms its offer promptly thereafter by submitting a Purchase Order to Seller. Seller agrees to fill any Purchase Order upon Seller's written acceptance of such Purchase Order; provided that any such acceptance by Seller is subject to Product availability. Each Purchase Order shall specify, as applicable, the quantities and prices for Product or Product Support specified on Seller's Quote, along with destination, preferred delivery date and any non-standard shipping instructions. Customer agrees that in the event there is any inconsistency or conflict between any Customer Purchase Order terms and conditions and this Agreement, this Agreement shall control. The applicable terms and conditions of this Agreement continue to apply to any PO that has been submitted by Customer prior to the expiration or termination of this Agreement.

2.5. **Product Delivery.** Seller shall use commercially reasonable efforts to meet any requested delivery dates, but shall not be liable for any delay or inability to ship Products due to Product unavailability or manufacturer delays.

2.6. **Product Title.** Title to Products and risk of Product loss or damage pass to Customer upon delivery to Customer (F.O.B. destination with freight prepaid and added); provided that if Customer specifies its own carrier account number or requires shipment via a nonstandard (for Seller) carrier, title to Products and risk of Product loss or damage pass to Customer upon delivery to the carrier (F.O.B. origin, freight collect). Notwithstanding the foregoing, title to software Products manufactured by a third party shall at all times remain with such third party, and Customer's rights to any such software Products shall be as specified in the applicable software license agreement between Customer and such third party.

2.7. **Product Invoicing.** Seller will invoice Customer for Products at the time of shipment and for Product Support at the time of purchase. Customer further grants to Seller a security interest in the Products to secure payment in full and authorizes Seller to file a financing statement reflecting such security interest.

2.8. **Product Warranties.** Notwithstanding anything to the contrary set forth herein or in any separate communication, the sole warranty received by Customer with respect to any Products and Product Support is the warranty, if any, conveyed directly from, respectively, the Product manufacturer or the third party Product Support provider. Seller, acting solely as a reseller of Products and a sales agent for Product Support, makes no independent warranty related to the Products or Product Support. Customer acknowledges that in purchasing the Products or Product Support, Customer relies solely on the applicable manufacturer specifications, not on any communications from Seller, Seller's Affiliates or its or their Personnel, including without limitation statements, specifications, photographs or other illustrations representing the Products or Product Support.

Personnel, including without limitation statements, specifications, photographs or other illustrations representing the Products or Product Support.

2.9. Product Returns. Any Product returns will be in accordance with Seller's Return Policy, which can be found at the following website: <http://www.zones.com/ReturnPolicy>.

2.10. Export Law Compliance. Customer agrees to comply with U.S. export laws, including without limitation U.S. Export Administration Regulations. Customer acknowledges that manufacturer warranties may vary or be nullified for Products exported from the United States.

3. PAYMENT.

3.1. Payment. Customer will pay in full the amount specified as due on each invoice within thirty (30) calendar days from the date of issuance of such invoice ("**Payment Timing**").

3.2. Late Payment. In any event of Customer's failure to pay an undisputed amount due in accordance with the terms of this Agreement ("**Payment Delinquency**"), Seller has the right to charge and collect interest on such amount at the lesser of one-half percent (0.5%) per month, and the highest rate legally permitted ("**Interest Charge**") until paid in full. Customer also agrees to pay the Interest Charge on any disputed amounts that are withheld by Customer in good faith and that are determined to be properly due and owing to Seller, calculating from the thirty-first (31st) day after resolution of the dispute. Customer shall reimburse Seller for all reasonable expenses arising from collection of past due amounts and Interest Charges, including reasonable attorneys' fees and court costs.

3.3. Financial Status. If at any time during the term of this Agreement there is a detrimental material change in the Customer's financial status, as determined in Seller's sole discretion, Seller has the right to modify the Payment Timing or terminate any credit availability extended to Customer under this Agreement. In the event Customer does not remit payment in accordance with the terms of this Agreement or such modified Payment Timing, Seller has the right immediately: (a) to stop all provision of the Sales Offerings; and/or (b) to terminate this Agreement. If Customer becomes a debtor and/or a debtor in possession, whether voluntary or involuntary, in a bankruptcy proceeding under Title 11 of the United States Code, as amended from time to time (the "**Bankruptcy Code**"), Customer shall make its best efforts to obtain court approval for Seller to be deemed a "critical vendor", as such term is defined in the Bankruptcy Code, under which the debtor seeks authority to make payment of all or a significant portion of certain vendors' unpaid pre-petition claims. Seller and Customer agree that Seller is a critical vendor to Customer, that Customer shall include Seller on the list of critical vendors to be paid pursuant to such approved critical vendor program, and that Seller shall receive treatment under such program as favorable as any other critical vendor.

3.4. Taxes. Customer agrees to pay all sales, use, transaction, excise, VAT or similar taxes and any Federal, state or local fees or charges ("**Taxes**") that may become due in connection with Customer's purchase of the Sales Offerings, except for taxes on Seller's income, assets or net worth. In lieu thereof, Customer may provide to Seller a tax exemption certificate acceptable to Seller and the applicable taxing authority. Customer will reimburse Seller for all such Taxes paid by Seller for which Customer is responsible hereunder.

3.5. Credits. Any credit that is issued to Customer for any reason and that is not used by Customer to purchase Sales Offerings within a period of two (2) years measured from the date of issuance shall expire.

4. CONFIDENTIALITY.

4.1. Purpose of Disclosure. Each Party ("**Discloser**") may disclose certain of its Confidential Information to the other Party ("**Receiver**"), and Receiver agrees that it will only use Discloser's Confidential Information for the purposes contemplated hereunder.

4.2. Non-Confidential Information. No information disclosed hereunder will be considered Confidential Information to the extent such information: (a) is in the public domain through no fault of a receiving Party; (b) was in the possession of the receiving Party prior to such disclosure; (c) was independently developed by the receiving Party's Personnel with no prior access to such information; (d) was rightfully received by a Party from a third party without breach of any obligation of confidence; or (e) required to be publicly disclosed by law.

Receiver Disclosures Permitted. Each party, as Receiver, further agrees that it will only disclose Discloser's Confidential Information to Receiver's Personnel or financial, legal or business advisors who are themselves bound to obligations of confidentiality substantially consistent with those specified herein; provided that if Receiver is compelled to disclose Discloser's Confidential Information by law, rule, regulation or judicial, regulatory or other governmental authority, Receiver will provide Discloser with prompt Notice of any such compulsion, will provide the maximum allowable opportunity for Discloser to seek a protective order or measure to bar such disclosure, will disclose only the Confidential Information that is required to be disclosed, and will make reasonable efforts to ensure that such disclosed Confidential Information is protected to the extent possible under the circumstances. Seller is aware that Customer is a government entity and is subject to the California Public Records Act, *Cal.Govt.Code §6250 et seq.*, the Brown Act, *Cal.Govt.Code*

§54950 et seq., and other laws pertaining to government entities. Information required by law to be disclosed will not be considered Proprietary and Confidential by the Parties and will be disclosed only to the extent required to comply with that legal obligation.

4.3. Period of Confidentiality. Each party, as Receiver, agrees: (i) that, for a period of three (3) years from the date of any disclosure of Discloser's Confidential Information, it will maintain the confidentiality of such Confidential Information in a manner that is at least as protective as Receiver maintains its own confidential information, and that in no event will be inconsistent with a standard of reasonable care; and (ii) that, upon Discloser's request, it will return or destroy any extant Confidential Information disclosed by Discloser.

4.4. Injunctive Relief. In the event of Receiver's breach of this Agreement, Discloser may suffer irreparable harm and have no adequate remedy at law. In such event, or when encountering risk of such event, Discloser shall be entitled, in addition to any and all other remedies, to injunctive relief, to specific performance, and to other equitable remedies without the need to prove monetary damages or the inadequacy of other remedies.

5. DISCLAIMED WARRANTIES.

EXCEPT AS SET FORTH HEREIN, AND SUBJECT TO APPLICABLE LAW, SELLER MAKES NO OTHER AND EXPRESSLY DISCLAIMS ALL OTHER CONDITIONS, COVENANTS, REPRESENTATIONS AND WARRANTIES OF EVERY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OR REPRESENTATIONS RELATED TO ACCURACY, DURABILITY, FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR NON-INFRINGEMENT, ARISING BY LAW, BY REASON OF CUSTOM, FROM USAGE IN THE TRADE, OR FROM COURSE OF PRIOR DEALING. CUSTOMER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION OR ADVICE GIVEN BY SELLER OR SELLER'S AFFILIATE OR PERSONNEL SHALL NOT BE DEEMED TO CREATE OR IN ANY WAY INCREASE THE SCOPE OF THE WARRANTIES SET FORTH HEREIN AND THAT CUSTOMER SHALL NOT RELY ON ANY SUCH INFORMATION OR ADVICE.

6. Indemnification. Both parties to this Agreement agree to indemnify, defend and hold harmless the other party and their members, elected and appointed officials and officers, agents, and employees from any and all third party claims, demands, judgments, damages, costs, expenses, fines, liens, liabilities or losses arising from, or in any way relating to, their respective misconduct or negligent acts or omissions, and the misconduct and negligent acts or omissions of their officers, agents, contractors and employees, under this Agreement that proximately cause personal injury, including death, or damage to real or tangible personal property, except to the extent arising from or in any way relating to the acts or omissions of any other party not under the Parties' control.

6. LIMITATION OF LIABILITY.

UNDER NO CIRCUMSTANCES, AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY REMEDY SET FORTH HEREIN, WILL SELLER, ITS AFFILIATES, OR ANY OF THEIR PERSONNEL EVER BE LIABLE FOR CONSEQUENTIAL, EXEMPLARY, INCIDENTAL, INDIRECT, PUNITIVE OR SPECIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF BUSINESS, MARKET, PROFITS, REVENUES, SAVINGS OR GOODWILL) EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF SUCH DAMAGES WERE OTHERWISE FORESEEABLE AND REGARDLESS OF THE THEORY OF LIABILITY. THE MAXIMUM LIABILITY OF SELLER, ITS AFFILIATES AND ANY OF THEIR PERSONNEL HEREUNDER, ARISING FROM ANY THEORY OF LIABILITY, WILL BE THE TOTAL AMOUNT PAID TO SELLER FOR THE SPECIFIC SALES OFFERING GIVING RISE TO THE CLAIM. NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE MAXIMUM LIABILITY SHALL NOT APPLY TO, AFFECT, OR LIMIT ANY OF A PARTY'S DUTIES TO INDEMNIFY THE OTHER PARTY IN ACCORDANCE WITH THIS AGREEMENT.

LIABILITY OF CUSTOMER. THE LIABILITIES OR OBLIGATIONS OF CUSTOMER WITH RESPECT TO ITS ACTIVITIES PURSUANT TO THIS AGREEMENT SHALL BE THE LIABILITIES OR OBLIGATIONS SOLELY OF CUSTOMER AND SHALL NOT BE OR BECOME THE LIABILITIES OR OBLIGATIONS OF THE COUNTY OF KERN OR ANY OTHER ENTITY, INCLUDING THE STATE OF CALIFORNIA.

7. ARBITRATION.

Any dispute that either arises from this Agreement or relates directly or indirectly to the relationship between the Parties and that cannot be resolved amicably within thirty (30) days may be resolved by binding arbitration before a single arbitrator in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association. Judgment on any award arising from such arbitration may be entered in any court of competent jurisdiction. Discovery may be performed according to the Federal Rules of Civil Procedure. The fees and expenses of the arbitration shall be borne equally by the Parties but may be awarded, together with reasonable attorneys' fees and expenses, to the prevailing Party (if any) in the informed discretion of the arbitrator. Notwithstanding anything to the contrary specified herein, either Party may seek

injunctive or other equitable relief at any time in federal or state court. The venue for any such arbitration and for any such court shall be the capital city of the state of the defending Party's principal place of business, as set forth herein.

8. NOTICE.

Any notice required or permitted under this Agreement shall be deemed valid and to have been duly given when: (i) delivered by hand with written confirmation of receipt; (ii) sent by facsimile with written confirmation of receipt; or (iii) delivered by a nationally recognized overnight delivery service with package tracking ("**Notice**"). The addresses and recipients for Notice shall be as set forth below.

If to Seller:

Zones, Inc.
1102 15th Street S.W., Suite 102
Auburn, WA 98001-6509
Attn: Chief Financial Officer

If to Customer:

Kern County Hospital Authority
1700 Mt. Vernon Ave.
Bakersfield, CA 93306
Attn: Chief Executive Officer

With a copy to:

Zones, Inc.
1102 15th Street S.W., Suite 102
Auburn, WA 98001-6509
Attn: Director, Contract Management

9. TERM AND TERMINATION.

9.1. Term. The "**Term**" (meaning the period of time during which this Agreement is in full force and effect) shall commence on the Effective Date and shall expire two (2) years thereafter unless earlier terminated as set forth herein. The Term may be extended by the Parties for successive time periods of one (1) year each upon mutual written consent of the Parties executed prior to expiration of this Agreement.

9.2. Termination for Cause. Either Party may terminate this Agreement immediately upon Notice if the other Party: (i) terminates or suspends its business; (ii) becomes insolvent; (iii) becomes subject to any bankruptcy or insolvency proceeding under federal or state statute; (iv) becomes subject to direct control by a trustee, receiver or similar authority; (v) has a controlling interest in its voting stock acquired by a third party; or (vi) sells or transfers all or substantially all of its assets. Either Party may terminate this Agreement thirty (30) days after such Party's Notice of a material breach of an obligation under this Agreement, provided that such breach is not cured within such thirty (30) day period.

9.3. Termination for Convenience. Either Party may terminate this Agreement for convenience upon thirty (30) days' prior Notice to the other Party. The termination of this Agreement for convenience shall not affect the obligations of either Party to the other Party pursuant to any Purchase Orders previously accepted by Seller or any Statements of Work previously executed by the Parties; the terms and conditions of this Agreement shall continue to apply to all such Purchase Orders and Statements of Work until the obligations thereunder are performed by the Parties under the terms thereof.

9.4. Effect of Termination. If this Agreement is terminated for any reason, Customer agrees to pay Seller all fees due and to reimburse Seller for authorized expenses incurred up to and including the effective date of termination.

9.5. Survival. In the event of the expiration or termination of this Agreement, those provisions whose nature, meaning or intent indicate an expectation of survival shall survive.

10. MISCELLANEOUS.

10.1. Amendments. This Agreement may be amended only in a writing executed by authorized representatives of both Parties ("**Amendment**").

10.2. Assignment. Either Party may assign this Agreement to an entity acquiring all or substantially all of such Party's assets; provided that neither such Party nor such assignee entity shall be relieved thereby of obligations undertaken by such Party prior to such assignment. Except with respect to the foregoing, neither Party may assign any of its rights or obligations hereunder without the prior written consent of the other Party. Any attempted assignment other than as expressly authorized hereunder shall be void and of no force or effect. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their permitted successors, assigns, heirs and legal representatives.

10.3. Attorney Fees and Expenses. Except as otherwise provided herein, in any claim or dispute under this Agreement, the prevailing Party will be entitled to an award by the arbitrators or the court, as applicable, of reasonable attorneys' fees and related out of pocket costs and disbursements.

10.4. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same Agreement.

10.5. Entire Agreement. This Agreement, together with all of its exhibits, sets forth the entire understanding of the Parties with respect to the subject matter hereof. This Agreement supersedes and replaces in its entirety any and all other prior and contemporaneous agreements and understandings, whether oral, written or implied, if any, between the Parties with respect to the subject matter hereof.

10.6. Force Majeure. A Party shall not be held liable, and shall not be deemed to have breached its obligations under this Agreement by reason of any delay or failure in performance caused in whole or in part by any circumstances beyond its reasonable control, including, without limitation, the following: accidents, fires, floods, severe weather, or other acts of God or nature; sabotage, riot, insurrection, war or other acts or threatened acts of violence or terrorism; embargoes, quarantine restrictions, changing laws or regulations or other government actions or requirements; carrier, labor or supplier interruptions or stoppages, or other third party delays; equipment or network outages or failures ("**Force Majeure Event**"). In the event of a Party's delay or failure in performance due to a Force Majeure Event, such Party agrees to make commercially reasonable efforts to minimize the hindering effect of such Force Majeure Event and resume performance with commercially reasonable dispatch.

10.7. Governing Law. This Agreement and any disputes, litigation, arbitration or enforcements directly or indirectly related thereto shall be construed and interpreted in accordance with, and the rights of the Parties shall be governed by, the substantive laws of the State of California without giving effect to any conflict-of-laws rules.

10.8. Forum. The Parties hereby agree that any suit, legal claim or other court action arising out of this Agreement shall be brought exclusively in either the Superior Court or Federal Court in Kern County, California, and both Parties consent and submit to the jurisdiction thereof and waive any rights to change venue.

10.9. Headings. The headings stated in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement, and shall not have any bearing on the construction or interpretation hereof.

10.10. Independent Contractors. Each Party is an independent contractor, not an employee or employer of the other Party and not a joint venture or partner with the other Party.

10.11. Precedence. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of any Amendments, the terms and conditions of the latest Amendment shall control.

10.12. Preparation of Agreement. There will be no presumption against either Party on the ground that such Party was responsible for preparing all or any part of this Agreement.

10.13. Severability. If any provision of this Agreement or the application thereof is found to be invalid, illegal or unenforceable, such finding shall not have any effect on any other provision of this Agreement, it being the intent and agreement of the Parties hereto that in the event of such finding, this Agreement shall be deemed amended either by modification of such provision to the extent necessary to render such provision valid, legal and enforceable, while preserving its intent, or, if such modification is not possible, by substitution of such provision with another provision that is valid, legal and enforceable and that achieves the same objective.

10.14. Subcontracting. Seller may subcontract any of its rights or obligations hereunder, provided that notwithstanding such subcontracting, Seller shall remain fully obligated and responsible both for its and its subcontractors' performance hereunder.

10.15. Third Party Beneficiaries. This Agreement is not intended to benefit any party except the Parties, and it is the Parties' express intent that otherwise this Agreement is not, and shall not be construed as, a third-party beneficiary contract.

10.16. Waiver of Remedies. No delay or failure by either Party to exercise or enforce any right hereunder shall be considered a waiver of such right or of any other right under this Agreement. No claim may be asserted by either Party against the other Party with respect to any event, act or omission that occurred more than two (2) years prior to the assertion of such claim.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK

Each Party represents that this Agreement is agreed and has been executed below by its duly authorized representative.

ZONES, INC.

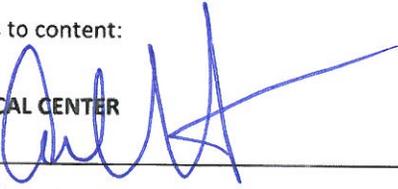
By: 
Name: Jon Bailey
Title: Director, Business and Legal Affairs
Date: December 9, 2016

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Name: _____
Title: _____
Date: _____

Approved as to content:

KERN MEDICAL CENTER

By: 
Name: Andrew Cantu
Title: Chief Financial Officer
Date: 1/10/2017

Approved as to form:

OFFICE OF COUNTY COUNSEL

By: 
Name: Shannon Hochstein
Title: Deputy
Date: 12/10/16



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

January 18, 2017

Subject: Proposed Resolution authorizing the Kern County Hospital Authority to participate in the group purchasing program with Quorum Purchasing Advantage, LLC, Enhanced Purchasing Services Agreement with Quorum Purchasing Advantage, LLC

Recommended Action: Approve; Adopt Resolution; Authorize Chairman to sign subject to approval as to form by Counsel

Summary:

Proposed Resolution authorizing the Kern County Hospital Authority access to group purchasing services through HealthTrust Purchasing Group, L.P., and Participation Agreement with HealthTrust Purchasing Group, L.P., from February 1, 2017 through January 31, 2022, in exchange for an administrative fee equal to 3% or less of the purchase price of the goods and services purchased from participating vendors.



**KERN MEDICAL
GROUP PURCHASING
ORGANIZATION SELECTION**

Business Case

GROUP PURCHASING ORGANIZATION (GPO): Kern Medical, like most hospitals, belongs to a “buying group” for access to national contracts for pricing for most commodity items. The current GPO is Vizient, created by the merger of VHA, UHC, and MedAssets last year. The current agreement ends mid-2017.

RECOMMENDATION: After a review of proposals from three GPO respondents, it is recommended that Kern Medical convert to the HealthTrust Purchasing Group (HPG) via its affiliate organization, Quorum Health Partners. Annual savings in excess of \$4 million per year is projected from this move.

BUSINESS RISK: None. Neither the incumbent, nor the recommended, GPO sell products, and, for the most part, all current vendor relationships will remain intact, with only lower pricing resulting from this move.

Background

Group Purchasing Organizations are independent “buying groups” that allow members access to pricing for supplies, and some services, that are otherwise only available to large IDN’s and owned groups of facilities.

Major Groups

Premier

Controlled by Affiliate Owners
Nationwide Membership
Often limited to large systems

Examples:

Dignity Health
Adventist Health

Vizient

Merger of MedAssets, UHC, and
VHA
Largest GPO nationwide (members)

Examples:

Univ. of Cal. Medical Centers
Providence Health
Northwestern Medicine

HealthTrust

Formerly owned by Hospital Corp. of
America
Focused on community providers

Examples:

HCA & Tenet Facilities nationwide
Quorum Health

Vendor Selection Process & Strategy

- Proposals received from top three GPO's nationwide
- Market basket of products used to rank proposals
 - Pharmacy
 - Laboratory
 - General Medical Products
 - Surgery
 - Office Supplies
- HealthTrust Purchasing Group ranked as offering lowest prices and a very high match rate against products currently in use.

	HealthTrust	Premier	Vizient
PRICING	70	48	35
CONVERSIONS REQUIRED	8	6	10
DATA MANAGEMENT	3	5	5
CLINICAL PROGRAMS	3	5	5
OTHER PROGRAMS	3	5	5
MISSION AND ALIGNMENT	3	5	5
	90	74	65

Market Basket Analysis

VENDOR/DATA SET	TOTAL \$ ANALYZED	QUORUM TOTAL \$	QUORUM SAVINGS %	VIZIENT TOTAL \$	VIZIENT SAVINGS %	PREMIER/ ADVENTIST TOTAL \$	PREMIER/ ADVENTIST SAVINGS %
Cardinal Health	\$ 2,192,608.09	\$ 1,781,673.45	19%	\$ 1,969,948.81	8%	\$ 1,824,528.03	14%
Quest Diagnostics	\$ 653,015.64	\$ 565,301.26	13%	\$ 653,015.64	0%	No Response	
Med/Surg	\$ 1,192,754.26	\$ 977,914.00	18%	\$ 921,579.80	23%	\$ 899,993.86	25%
Medline	\$ 615,628.83	\$ 496,715.87	19%	\$ 501,079.19	19%	\$ 547,243.67	11%
Inpatient Pharmacy	\$ 1,443,189.68	\$ 1,394,167.65	3%	\$ 1,326,506.60	8%	\$ -	0%
Siemens	\$ 596,409.20	\$ 448,350.93	25%	\$ 450,620.47	24%	No Response	
Net Results			15%		4%		11%

- Market basket of purchase activity from all major spend areas for the organization
 - Food, and EVS products exempted – outsourced
- Selection team of KCHA managers from Laboratory, Surgery, Pharmacy, and Materials Management conducted response review and selection

Savings Impact

Product Category	Spending	Savings
General Medical/Surgical Supplies	\$17.5 million	\$3.1 million
Pharmaceuticals (non 340-B)	11.7 million	.4 million
Laboratory Supplies and Services	1.1 million	.25 million
	<u>\$30.3 million</u>	<u>\$3.75 million</u>

Certain product categories are not well managed by GPO programs and/or are managed by other means at KCHA. Examples include physician preference items (implants), and products managed via outsource agreements such as Food and Nutrition products, and Environmental Services products.

Board Of Governors Request

Request the Kern County Hospital Authority to Approve and Adopt Resolution authorizing KCHA authority to access to group purchasing services through HealthTrust Purchasing Group, L.P., and participation Agreement with HealthTrust Purchasing Group, L.P., from February 1, 2017 through January 31, 2022, in exchange for an administrative fee equal to 3% or less of the purchase price of the goods and services purchased from participating vendors.

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

In the matter of:

Resolution No. _____

**GROUP PURCHASING PROGRAM
WITH QUORUM PURCHASING
ADVANTAGE, LLC**

I, RAQUEL D. FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 18th day of January, 2017, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

RAQUEL D. FORE
Authority Board Coordinator
Kern County Hospital Authority

Raquel D. Fore

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.) provides the Kern County Hospital Authority (“Authority”) shall have the power “*to engage in managed care contracting, joint ventures, affiliations, **purchasing consortia**, health insurance pools, accountable care organizations, alternative delivery systems, or other cooperative arrangements, with any public or private entity.*” (Emphasis added.) (Health & Saf. Code, § 101855(a)(16).); and

(b) On June 22, 2016, the Board of Governors accepted the assignment of a general group purchasing agreement between the County of Kern, on behalf of Kern Medical Center (“KMC”), and Vizient, Inc. This agreement allows KMC to purchase supplies, equipment, and services at reduced costs.

(c) In order to continue to reduce supply chain costs, KMC has made the decision to transfer its group purchasing affiliation from Vizient, Inc. to Quorum Purchasing Advantage, LLC (“QPA”), to increase its purchasing power through the availability of aggregate pricing and secure significant cost savings through participation in distribution agreements through HealthTrust Purchasing Group, L.P. (“HealthTrust”); and

(d) The group purchasing of supplies, materials, and equipment is a fundamental activity of the alliance operated by QPA. HealthTrust contracts for high quality supplies and services with reputable vendors. Benefits of group purchasing through QPA include controlling and reducing supply costs, with a primary objective to help ensure that patients receive safe and efficacious care; and

(e) QPA requires that the Authority enter into an Enhanced Purchasing Services Agreement with QPA for access to the HealthTrust portfolio of contracts. Access to the HealthTrust portfolio of contracts requires that the Authority enter into a separate Participation Agreement with HealthTrust; and

(f) The QPA and HealthTrust agreements are for a term of 60 months from February 1, 2017 through January 31, 2022; and

(g) Neither QPA nor HealthTrust will charge the Authority or KMC to participate in the QPA group purchasing program. QPA will collect an administrative fee equal to 3% or less of the purchase price of the goods and services purchased by the Authority from HealthTrust participating vendors; and

(h) The Board of Governors desires to revise and update the KMC group purchasing program.

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 hereby authorizes KMC to utilize the HealthTrust contracts, services and programs made available through QPA.

3. This Board hereby authorizes KMC to utilize QPA as its Group Purchasing Organization.

4. This Board hereby retains the discretion to authorize KMC to utilize any other Group Purchasing Organization at any time in the future.

5. The provisions of this Resolution shall be effective, in force and operative as of the 1st day of February, 2017.

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

Office of County Counsel
Kern Medical Center

**ENHANCED PURCHASING SERVICES AGREEMENT
 COVER PAGE**

QPA: Quorum Purchasing Advantage, LLC

Hospital: Kern County Hospital Authority
on behalf of Kern Medical Center

Address of QPA:
1573 Mallory Lane, Suite 200, Brentwood, TN 37027

Address of Hospital:
1700 Mt. Vernon Avenue, Bakersfield, CA 93306

Effective Date: February 1, 2017

Expiration Date: January 31, 2022

Term: Five (5) Years

Annual Fee: Zero (0)

The capitalized terms in the attached Standard Terms and Conditions not otherwise defined shall have the definition of such terms as set forth on this Cover Page. The attached Standard Terms and Conditions are incorporated into this Enhanced Purchasing Services Agreement (“Agreement”). The following addenda checked “Yes” are also attached hereto and incorporated herein as part of this Agreement by this reference:

ADDENDUM	TITLE	If applicable, mark “YES”. If not applicable, mark “N/A.”
1	Compensation	YES
2	Enhanced Purchasing Services	YES
3	Business Associate Addendum	YES

Neither this Agreement, nor any amendment or modification hereto, shall be effective or legally binding upon either party or any officer, director, employee, or agent thereof, unless and until it has been reviewed, approved, and executed by an authorized representative of each respective party.

AGREED TO AND APPROVED (Kern County Hospital Authority on behalf of Kern Medical Center):

 Signature Date
 Russell Bigler, Chairman, Board of Governors

AGREED TO AND APPROVED (Quorum Purchasing Advantage, LLC):

 Robert A. Vento, Chief Operating Officer Date

**ENHANCED PURCHASE SERVICES AGREEMENT
STANDARD TERMS AND CONDITIONS**

WHEREAS, this Agreement is entered into by and between QPA and the Hospital. Both QPA and Hospital are collectively referred to herein as the “Parties” and individually referred to herein as the “Party”.

WHEREAS, Hospital desires to retain QPA to provide the services as outlined in the Addenda attached hereto (referred to herein as the “Services”), and QPA desires to provide the Services upon the terms and conditions stated below. This Agreement is entered into for the purpose of defining the Parties’ respective rights and responsibilities.

NOW, THEREFORE, in consideration of the mutual agreements set out below, the Parties agree as follows:

Article I

AUTHORITY AND RELATIONSHIP OF THE PARTIES

1.1 Retention of Authority and Responsibility. The Hospital, through its Board of Governors (the “Board”), shall exercise, throughout the Term (as defined on the Cover Page), ultimate authority, supervision, direction, and control over the business, policies, operation, and assets of the Hospital, and shall retain the ultimate authority and responsibility regarding the powers, duties, and responsibilities vested in the Hospital by applicable law and regulations. Nothing in this Agreement is intended to alter, weaken, displace or modify the responsibility of the Board for the Hospital’s direction and control as set forth in the Hospital’s charter and bylaws. The Board shall retain the full responsibility for quality of care at the Hospital, for compliance by the Hospital with all applicable federal, state and local laws, including, without limitation, compliance with federal and state laws relating to “fraud and abuse” by hospitals and other healthcare providers and compliance with the federal Stark law of 42 U.S.C. § 1395nn *et seq.*, as amended. The Hospital does not, in any way, delegate to QPA any of the powers, duties and responsibilities vested in the Hospital by law or by the charter and bylaws of the Hospital except as expressly set forth herein or by approval of the Hospital’s Board.

1.2 Relationship of the Parties. The Parties hereto intend by this Agreement solely to effect the provision of Services by QPA to the Hospital as described herein, and this Agreement is not intended to extend to or involve any other activities of either Party. The relationship between the Parties created by this Agreement is one of independent contractors. Neither Party shall have the authority to bind or incur liabilities on behalf of the other Party except as otherwise expressly agreed upon in writing or as authorized pursuant to this Agreement. No other relationship is intended to be created among the Parties hereto, and nothing in this Agreement shall be construed as to make any Party hereto the employer or employee of any other, the joint venture, or partner of the other, or have the right to control or conduct the other’s business in any manner, other than as is herein explicitly provided. Neither Party shall ever have any liability for payment of wages, payroll taxes, and/or other expenses of the other, except as otherwise provided in this Agreement. QPA shall never have the right to direct the Hospital or the Hospital employees in the performance of their professional medical judgments or duties, or to make independent operating decisions, set policy, act on any consulting reports or adopt any course of action for nor legally bind the Hospital without the express approval and resolution by the Board. QPA shall be the agent of the Hospital solely to perform QPA’s Services that are related to the non-medical aspects of the Hospital’s business. QPA shall not, by entering into and performing this Agreement, incur any liability for any of the existing obligations, liabilities or debts of the Hospital, and QPA shall not, by acting hereunder assume or become liable for any of the future obligations, debts or liabilities of the Hospital.

**Article II
SERVICES**

2.1 General Responsibilities. QPA shall perform certain Services, as outlined in this

Article II, on the attached addenda and defined on the Cover Page, in exchange for payment of the fees described in **Addendum 1**. Such Services and any Consulting Services (which may be undertaken under this Agreement or otherwise by agreement of the Parties and upon payment of the fees as defined in **Addendum 1**) shall be performed in a manner consistent with the policies and directives dictated by the Board, the financial resources available to the Hospital, the competitive marketplace in which the Hospital is located, and Medicare/Medicaid reimbursement and other laws.

2.2 Group Purchasing Organization.

2.2.1 Access to Group Purchasing Organization. Subject to applicable law, QPA shall offer the Hospital access to its group purchasing organization operations which include, without limitation: (i) QPA's arrangements with certain vendors, including strategic service partners ("SSPs"); and (ii) access to vendors through arrangements between QPA and one or more other Group Purchasing Organizations (currently Healthtrust Purchasing Group, LP, referred to herein as "HPG") (individually referred to as "GPO" and collectively referred to as the "GPO Program"). QPA's GPO Program may change from time to time. If the Hospital chooses to participate, the Hospital understands that it may be required to execute a written agreement with another GPO that QPA has selected to provide access to vendors, and may be required to abide by the requirements of any such contract. Access to QPA's GPO Program is available only to those facilities with a contractual relationship with QPA. The Hospital also shall have the right to purchase supplies and services from vendors other than those vendors affiliated with QPA or QPA's affiliated GPOs. The Hospital shall continue its contractual participation with HPG until this Agreement is terminated or expires subject to other terms and conditions of this Agreement, including the Effects of Termination or Expiration.

2.2.2 GPO Fees. The Hospital acknowledges that QPA may receive GPO fees from vendors, including but not limited to SSPs, in connection with certain products and services that are purchased, licensed or leased by the Hospital, including, without limitation, fees for providing administration and distribution services to the Hospital on behalf of the vendors, including but not limited to SSPs. All such fees will equal three percent (3%) or less of the purchase price of the goods and services purchased from a participating vendor, including but not limited to SSPs, except as set forth on the Administrative Fee Exceptions Schedules attached hereto and incorporated herein as **Schedule "A"**. On at least an annual basis, QPA will provide revised Administrative Fee Exceptions Schedules that identify all participating vendors, including but not limited to SSPs, who could pay fees in excess of three percent (3%) of the purchase price of the goods and services purchased from that vendor, as well as the maximum fee that the vendor, including but not limited to SSPs, will or could pay. QPA shall also disclose to the Hospital on an annual basis, and to the Secretary of Health and Human Services upon his or her request, the amount received from each vendor with respect to the Hospital's purchases under the GPO Program. Any and all rebates due and owing to the Hospital from HPG shall be paid directly to Hospital by HPG. The Hospital understands and agrees that QPA is not responsible or liable for any such rebate payments. The rebate amounts paid to the Hospital under this **Subsection 2.2.2** shall be considered "offeror rebates" as defined in the discount safe harbor under the federal Medicare program, codified at 42. C.F.R. § 1001.952(h).

2.2.2.1 Compliance Incentive Payments. The Parties have agreed to the following compensation arrangement as a means to incentivize the Hospital's compliance with purchasing, licensing and leasing supplies eligible for and routinely purchased from vendors contracted by HPG, excluding ineligible products, including but not limited to, 340 B medicines and PPI. Compliance shall be measured starting the first six (6) consecutive months as of the Effective Date and on a quarterly (1/4) basis thereafter. In order for the Hospital to be entitled to the payments set forth below, the Hospital must maintain the applicable compliance level during all of each such period. If at any time during the Term the Hospital's compliance level drops, then the Hospital shall be paid that percentage that corresponds to the lowest compliance level achieved by the Hospital during that period. QPA shall

pay to the Hospital a percentage (%) of the administrative fees that QPA earns from the Hospital's purchase, license or lease of such eligible supplies in accordance with the following schedule:

- 10% after the Hospital reaches a 60% to 69% compliance range
- 20% after the Hospital reaches a 70% to 79% compliance range
- 30% after the Hospital reaches a 80% to 89% compliance range
- 40% after the Hospital reaches a 90% to 100% compliance range

QPA shall pay the Hospital at the 40% rate for the first six (6) consecutive months as of the Effective Date to allow for data collection and then shall pay at the compliance rate that the distributor data indicates. QPA shall use the data actually received from distributors related to med/surg, pharmacy, excluding what is subject to the 340B program, and laboratory, until the Hospital is able to provide full purchasing data through its materials management system. Once the Hospital is in fact able to provide full purchasing data through its materials management system, the Hospital will provide such data to QPA and QPA will then measure compliance using the full purchasing data that QPA actually receives from the Hospital.

2.2.3 Safe Harbor Reports. QPA shall provide an annual report to the Hospital (a) identifying all Administrative Fees earned by QPA from each Vendor with respect to purchases by the Hospital under QPA's Program Contracts during the preceding twelve-month period, in accordance with the group purchasing organization safe harbor promulgated under the federal Medicare program [42 C.F.R. § 1001.952(j), as amended]; and (b) notifying the Hospital of its obligation to: (i) disclose the specified dollar value of discounts or reductions in price under any state or federal program that provides cost or charge-based reimbursement to such facility for items and services covered by any QPA Program Contract in accordance with applicable regulations, including, without limitation, by appropriately reflecting such amounts in the facility's cost reports; and (ii) provide information upon request in accordance with the provisions of 42 C.F.R. § 1001.952(h)(1), as such may be amended.

2.2.4 Limitation of Warranties. QPA HEREBY DISCLAIMS AND EXCLUDES ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED (WHETHER ARISING UNDER LAW OR EQUITY OR CUSTOM OR USAGE), INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH REGARD TO ANY SUPPLIES, GOODS OR SERVICES PROVIDED TO THE HOSPITAL UNDER THIS AGREEMENT, THROUGH QPA'S GPO PROGRAM, OR FROM GPOS OR SSPS, AND THE HOSPITAL EXPRESSLY WAIVES RELIANCE UPON ANY SUCH WARRANTIES. HOWEVER, NOTHING IN THIS SECTION SHALL BE INTERPRETED TO LIMIT OR MODIFY ANY CLAIM WHICH THE HOSPITAL, AS AN ORIGINAL PURCHASER, MAY HAVE AGAINST THE MANUFACTURER OR SUPPLIERS (OTHER THAN QPA) OF ANY SUPPLIES, GOODS AND SERVICES.

2.2.5 HPG Disclaimer. All purchases under vendor contracts by Hospital and its facilities for products and services shall be between the Hospital or such facility, as applicable, and the vendor. HPG shall not be a party to any such purchases and shall have no liability under any such agreement, or with respect to any such purchases or any products and services furnished under any such agreement. **WITHOUT LIMITED THE GENERALITY OF THE FOREGOING: (i) HPG DOES NOT MAKE, AND EXPRESSLY DISCLAIMS, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED, AS TO ANY PRODUCTS AND SERVICES SOLD BY ANY HPG VENDOR; AND (ii) HOSPITAL HEREBY EXPRESSLY RELEASES HPG FROM ANY AND ALL LIABILITY AND CLAIMS RELATING TO THE PRODUCTS AND SERVICES, AND ANY BREACH OR ALLEGED BREACH OF WARRANTY IN CONNECTION WITH THE PRODUCTS AND SERVICES.**

2.3 Limitations on QPA's Services. QPA's Services shall include only those Services specifically identified in this Agreement or otherwise by written agreement of the Parties. Without limiting the generality of the foregoing, QPA's Services shall not include and shall not be construed as including any service, item, access or deliverable not specifically identified herein. Hospital warrants and represents that it has reviewed and understands the above-described limitations, and that it will not rely on QPA or any service offered by QPA as a source of information or expertise in any service, item, access or deliverable not specifically identified herein.

2.4 Representations and Warranties of QPA. QPA represents and warrants that the following are true:

2.4.1 QPA has had this Agreement reviewed by legal counsel, and fully understands and acknowledges the provisions, scope, authority and division of responsibility herein.

2.4.2 QPA has the full authority to enter into this Agreement and the signature of QPA's Authorized Representative on this document represents that this Agreement has been duly authorized, executed, and delivered, and represents a legal, valid, and binding agreement, enforceable against QPA in accordance with its terms.

2.4.3 The execution, delivery, and performance of this Agreement by QPA, and consummation by it of the transactions contemplated hereby do not: (a) require any consent, waiver, approval, license, or authorization of any person or public authority which has not been obtained and is not presently in effect; (b) violate any provision of law applicable to QPA; (c) conflict with or result in a default under, or create, any lien upon any of the property or assets of QPA pursuant to any agreement or instrument; or (d) violate any judicial or administrative decree, regulation, or any other restriction of any kind or character to which QPA is a party or by which QPA or any of its assets may be bound.

2.4.4 QPA is currently solvent, and none of the execution, delivery or performance of QPA of its obligations under this Agreement will render QPA insolvent.

2.4.5 QPA recognizes and acknowledges the importance of adequate communication and notifications to Hospital regarding the services provided hereunder. QPA agrees that it will, in a prompt and timely fashion, bring to Hospital's attention, in writing, any complaint, claim or dispute or allegation of breach it may have against Hospital, its agents, representatives, employees or contractors concerning the Services or subject matter of this Agreement.

2.4.6 QPA has not been sanctioned by the Health and Human Services office of the Inspector General as set forth on the Cumulative Sanctions Report, or excluded by the General Services Administration as set forth on the List of Excluded Providers [see <https://oig.hhs.gov/exclusions/> and <http://epls.arnet.gov/>]. QPA further represents that QPA, its directors, officers and employees are not currently excluded, debarred or otherwise ineligible to participate in the Federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) ("Federal Healthcare Programs") and are not under investigation or otherwise aware of any circumstances which may result in QPA's being excluded from participation in any Federal Healthcare Programs. QPA will promptly notify Hospital if, during the Term, QPA receives notice of any investigation conducted by a Federal Healthcare Program, Office of Health and Human Services or the Department of Justice.

2.4.7 QPA understands and fully acknowledges that as it relates to all applicable federal, state and local laws, regulations and ordinances, its operations and this Agreement, QPA holds sole and absolute responsibility and QPA shall seek independent legal advice to the extent necessary to ensure compliance with such authorities at all times. Neither the Hospital nor any of its agents, representatives or employees shall be responsible or have any liability for QPA's compliance with such law, regulations, ordinances or authorities.

Article III

HOSPITAL RESPONSIBILITIES

3.1 Representations and Warranties of the Hospital. The Hospital represents and warrants that the following are true:

3.1.1 The Hospital has had this Agreement reviewed by independent legal counsel, and fully understands and acknowledges the provisions, scope, authority and division of responsibility herein.

3.1.2 The Hospital has the full authority and authorization to enter into this Agreement and the signature of the Chairman of the Board on this document represents that this Agreement has been duly authorized, executed, and delivered by the Board as the governing body of the Hospital or its duly authorized designee (*i.e.*, CEO or CFO), and represents a legal, valid, and binding agreement, enforceable against the Hospital in accordance with its terms.

3.1.3 The execution, delivery, and performance of this Agreement by the Hospital, and consummation by it of the transactions contemplated hereby do not: (a) require any consent, waiver, approval, license, or authorization of any person or public authority which has not been obtained and is not presently in effect; (b) violate any provision of law applicable to the Hospital; (c) conflict with or result in a default under, or create, any lien upon any of the property or assets of the Hospital pursuant to any agreement or instrument; or (d) violate any judicial or administrative decree, regulation, or any other restriction of any kind or character to which the Hospital is a party or by which the Hospital or any of its assets may be bound.

3.1.4 The Hospital is currently solvent, and none of the execution, delivery or performance of the Hospital of its obligations under this Agreement will render the Hospital insolvent.

3.1.5 The Hospital understands and fully acknowledges that as it relates to all applicable federal, state and local laws, regulations and ordinances, as well as Medicare and Medicaid claim processing regulations pertaining to the Hospital and its operations, the Hospital holds sole and absolute responsibility and that the Hospital shall seek independent legal advice to the extent necessary to ensure compliance with such authorities at all times. Neither QPA nor any of its agents, representatives or employees shall be responsible or have any liability for the Hospital's compliance with such law, regulations, ordinances or authorities. The Hospital warrants that, as of the date hereof, it has received and, during the Term, shall retain accreditation by the Joint Commission or other similar accrediting or certifying body and is responsible for obtaining and maintaining all licenses, permits and approvals required for the operation of the Hospital.

3.1.6 The Hospital recognizes and acknowledges the importance of adequate communication and notifications to QPA regarding the services provided hereunder. The Hospital agrees that it will, in a prompt and timely fashion, bring to QPA's attention, in writing, any complaint, claim, or dispute or allegation of breach it may have against QPA, its agents, representatives, employees or contractors concerning the services or subject matter of this Agreement.

3.1.7 The Hospital is and for the Term of the Agreement will be eligible to participate in Medicare, Medicaid, CHAMPUS/TRICARE and other federal healthcare programs (together, the "Federal Healthcare Programs"), and the Hospital has not been sanctioned by the Health and Human Services office of the Inspector General as set forth on the Cumulative Sanctions Report, or excluded by the General Services Administration as set forth on the List of Excluded Providers [see <http://oig.hhs.gov/fraud/exclusions.html> and <http://els.arnet.gov/>]. The Hospital will promptly notify QPA, if, during the Term, the Hospital receives notice of any investigation conducted by a Federal Healthcare Program, Office of Health and Human Services or the Department of Justice.

3.2 Own Responsibility for Costs. Each Party shall be responsible for its own costs relating to this Agreement, except that the Hospital shall be responsible for fees and travel-related

expenses, including but not necessarily limited to those set forth at **Section 2.1** of this Agreement and **Section 4** of **Addendum 1**.

3.4 Covenant Not to Hire. During the term of the Agreement, and for a period of at least one (1) year following the termination or expiration of the Agreement (for any reason), the Parties will not knowingly, directly or indirectly, through an affiliate or separate employee leasing or staffing company or otherwise, employ, or solicit for employment, any employee, agent, or independent contractor of the other Party (or in any way affiliated with the other Party) unless the other Party gives its prior and written consent thereto. The Parties recognize and agree that monetary damages are not an adequate remedy for a breach of this covenant not to hire. The Parties agree that irreparable damage will result to the affected Party and its business from a breach of this covenant, and that, in the event of a breach or a threatened breach of this covenant, in addition to monetary damages, the affected Party shall be entitled to an injunction enjoining the other Party hereto from violating this covenant. If the affected Party grants the other Party its written consent to hire any of the affected Party's employees, agents or independent contractors at any time, the other Party acknowledges that the affected Party shall have the right to charge the other Party a hiring fee equal to at least twenty-five percent (25%) of the hired person's base annual salary that will be (or is) paid by the hiring Party to the hired person when actually hired by such other Party..

Article IV **OWNERSHIP OF INFORMATION; CONFIDENTIALITY**

4.1 Ownership of Information.

4.1.1 All operating procedures, protocols, information systems, computer data base, and other non-public proprietary business systems or information not uniquely pertaining to the Hospital (collectively, the "Proprietary Information") that are or were created or developed by QPA, or obtained by QPA from sources other than the Hospital, shall be the exclusive property of QPA. Nothing contained in this Agreement shall be construed as a license or transfer of the Proprietary Information or any portion thereof, either during the Term or thereafter. Upon the termination or expiration of this Agreement, QPA shall have the right to retain all such Proprietary Information, and any party hereto, upon request, shall return to QPA all Proprietary Information in its possession.

4.1.2 All operating procedures, protocols, information systems, computer data base, and other non-public proprietary business systems or information owned or developed solely by Hospital personnel (collectively, the "Hospital's Proprietary Information"), shall be the exclusive property of Hospital. Nothing contained in this Agreement shall be construed as a license or transfer of the Hospital Proprietary Information or any portion thereof, either during the Term or thereafter. Upon the termination or expiration of this Agreement, the Hospital shall have the right to retain all such Hospital Proprietary Information, and any Party hereto, upon request, shall return to the Hospital all Hospital Proprietary Information in its possession.

4.2 Confidentiality. Both Parties agree, at all times during the Term, to keep the other Party's information, data and documents absolutely confidential, and they agree not to disclose such information, data or documents to any third-Party (other than such Party's professional advisors) without the other Party's express and prior written consent, except as required by law. QPA is aware that Client is a government entity and is subject to the California Public Records Act, *Cal.Govt.Code §6250 et seq.*, the Brown Act, *Cal.Govt.Code §54950 et seq.*, and other laws pertaining to government entities. Information required by law to be disclosed will not be considered Proprietary and Confidential by the Parties and will be disclosed only to the extent required to comply with that legal obligation.

4.3 Public Announcements; No Disparagement. Without limiting the foregoing, neither Party, nor any officer, director, trustee, employee or agent of such Party (each a "Restricted Party"), shall issue any press release or make any public statement with respect to this Agreement, or any

matter arising from this Agreement, Each Party agrees that it will refrain from making, and will prohibit any of its Restricted Parties from making, any disparaging comment and/or public statements (oral or written) about the other or its business. Each of the Parties hereto agree that in the event of any termination or threatened termination of this Agreement, they will not disclose, or permit any of their respective Restricted Parties to disclose to anyone who is not a Party to this Agreement (or their respective legal counsel), any facts or circumstances related to such termination or threatened termination. The terms of this **Section 4.3** shall not apply to: (i) any disclosure required for the performance of a Party's obligations hereunder, (ii) any disclosure of the existence or terms of this Agreement made in the notes to the audited financial statements of a party or its affiliates required to be made in accordance with generally accepted accounting principles as reasonably determined by the independent public accountants of such Party, (iii) any such disclosure made in connection with any public or private securities offering, (iv) any disclosure required to be made by law or regulation, Open Meetings Act or Public Records Act or (v) any disclosure made in response to any court or administrative order or summons, subpoena or similar legal process except that, in each case, performance of such Party shall provide the other Party with reasonably prompt notice thereof, and such Party shall be permitted, at its expense, to seek a protective order or other appropriate remedy.

4.4 Injunctive Relief. The Parties agree that violations of this **Article IV** would result in irreparable harm and that, in addition to any other rights and remedies provided by law, a Party shall be entitled to injunctive relief to enforce the other Party's obligations under this **Article IV**.

Article V

INSURANCE AND INDEMNIFICATION

5.1 Indemnification. Each Party ("Indemnifying Party") shall defend, indemnify, save and hold harmless the other Party, its shareholders, members, directors, officers, employees and agents (collectively, an "Indemnified Party") from and against any and all judgments, losses, claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses paid or incurred by an Indemnified Party), joint or several, which may be asserted against any Indemnified Party arising out of the activities or operations of the Indemnifying Party.

5.5 Limitation of Liability.

5.5.1 Certain Damages. Neither Party, their employees, agents, representatives and/or affiliates shall have any liability to the other Party for any indirect, consequential, incidental, exemplary, special or punitive damages or costs, including, without limitation, lost profits, loss of good will, or loss of tax-exempt status for the Hospital or the Hospital's financing, even if such Party has been advised, knew or should have known, of the possibility thereof.

5.5.2 Cumulative Liability of QPA. The cumulative liability of QPA, its employees, agents, representatives and/or Affiliates to the Hospital for any and all claims, regardless of the form of action, arising out of, or relating in any way to, the Agreement, shall not exceed the lesser of: (i) the total of all fees (not including reimbursed costs or expenses) paid by the Hospital pursuant to the Agreement (and no other agreement) as of the date any such claim actually accrued or was filed; or (ii) the total of all fees (not including reimbursed costs or expenses) paid by the Hospital to QPA pursuant to the Agreement (and no other agreement) during the twelve (12) month period immediately preceding the date on which such claim accrued or was filed. Notwithstanding anything to the contrary, QPA's limitations of liability shall not apply to, affect, or limit: (i) any of QPA's duties to indemnify Client in accordance with this agreement and/or (ii) any third party claims.

5.5.3 Liability of Client. The liabilities or obligations of the Hospital, with respect to its activities pursuant to this Agreement, shall be the liabilities or obligations solely of the Hospital and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California.

5.5.3

5.6 **Insurance.**

5.1 Hospital. The Hospital self-insures as a matter of normal business practice, and will continue to self-insure for the term of this Agreement in at least the minimum amounts necessary to meet reasonable risks. The Hospital, upon request of QPA, shall forward documentation to QPA that the Hospital self-insures as a matter of normal business practice. QPA will accept reasonable proof of self-insurance comparable to the above requirements.

5.2 QPA. QPA has, and shall maintain at its own cost and expense, throughout the Term, the minimum insurance coverage described in Exhibit “3” incorporated herein by this reference, provided by insurance carriers admitted to do business in California and acceptable to the Hospital’s Risk Manager.

Article VI TERM AND TERMINATION

6.1 Term. The initial term of this Agreement shall commence on the Effective Date, and shall remain in full force and effect through the Expiration Date (the “Initial Term”), unless sooner terminated as provided herein, and may renew for additional and successive one year periods (each a “Renewal Term”) through written amendment. Both the Initial Term and each and every Renewal Term shall be hereinafter referred to as the “Term”, subject to the provisions of Article VI hereof.

6.2 Termination.

6.2.1 Bankruptcy. Either Party may terminate this Agreement immediately in the event the other Party: files a petition commencing a voluntary case against it under the U. S. Bankruptcy Code; makes a general assignment for the benefits of its creditors; becomes insolvent; becomes unable to pay its debts as they become due; files a petition or answer in any proceeding seeking for itself or consenting to, or acquiescing in, any insolvency, receivership, composition, readjustment, liquidation, dissolution, or similar relief under any present or future statute, law, or regulation, or files an answer or other pleading admitting or failing to deny or to contest the material allegations of the petition filed against it in any such proceeding; seeks or consents to, or acquiesces in, the appointment of any trustee, receiver of it or any material part of its property; or has commenced against it any involuntary case under the U. S. Bankruptcy Code, or a proceeding under any receivership, composition, readjustment, liquidation, insolvency, dissolution, or like law or statute, which case or proceeding is not dismissed or vacated within sixty (60) days from commencement.

6.2.2 Casualty. In the event that the physical plant housing the Hospital is destroyed, or is so damaged that it is reasonably anticipated that the Hospital will not, within ninety (90) days, commence repair or reconstruction, with a view toward resuming full operation within another ninety (90) days after such commencement, then any Party may terminate this Agreement upon no less than a thirty-(30) day notice.

6.2.3 Breach or Default. Except as otherwise provided in **Section 6.2.4** below, if a Party hereto (“Defaulting Party”) fails substantially to perform any of its material obligations under this Agreement, the other Party (“Non-Defaulting Party”) may give the Defaulting Party a “Notice of Default.” The Notice of Default shall set forth the nature of the obligation that the Defaulting Party has not performed and shall be in writing. The Defaulting Party will have sixty (60) days to cure the default (the “Cure Period”). If the Defaulting Party does not cure the default within the Cure Period, the Non-Defaulting Party shall have the right to terminate this Agreement with such termination to be effective by close of business on the last business day of the Cure Period. A Party’s termination or failure to terminate this Agreement shall not waive any breach of this Agreement. A waiver of any breach of this Agreement shall not constitute a waiver of any future breaches of this Agreement, whether of a similar or dissimilar nature.

6.2.4 Nonpayment. If the Hospital fails to make any payment to QPA hereunder within ten (10) days following QPA's notice to the Hospital of non-payment, QPA, among other rights and remedies pursuant to this Agreement or otherwise available at law or in equity, shall have the right to terminate this Agreement immediately. Failure to terminate this Agreement shall not waive any breach of this Agreement or release Hospital from any liability under this Agreement. A waiver of any breach of this Agreement shall not constitute a waiver of any future breaches of this Agreement, whether of a similar or dissimilar nature.

6.2.5 Licenses. QPA shall have the right to terminate this Agreement immediately in the event any material license or certification required by the Hospital to operate cannot be obtained, or is suspended, terminated, or revoked.

6.2.6 Representations. Either Party may terminate this Agreement upon at least thirty (30) days prior written notice in the event any representation made by the other Party in this Agreement is found to be untrue in any respect which would have a material adverse effect upon either Party's financial condition or business operations or would have a material adverse effect upon the ability of either Party to perform under this Agreement.

6.2.7 Litigation. Either Party may terminate this Agreement upon at least thirty (30) days prior written notice in the event there is entered against the other Party one or more judgments or decrees which either Party reasonably believes would have a material adverse effect upon its financial condition, business operations or ability to perform under this Agreement.

6.2.8 Non-appropriation. The Hospital, as a government entity, reserves the right to terminate this Agreement in the event insufficient funds are appropriated for this Agreement in any fiscal year under the provisions of the California Constitution, Article 16, Section 18a. Client's fiscal year is July 1 to June 30. Upon such termination, the Hospital will be released from any further financial obligation to QPA, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. QPA will be given 30 days' prior written notice in the event that the Hospital requires such an action.

6.2.8 Termination without Cause. Either Party may terminate this Agreement without cause by giving the other Party at least one hundred twenty (120) days' prior written notice with any such termination to be effective no sooner than the expiration of the Initial Term or any Renewal Term then in effect.

6.3 Effects of Termination or Expiration.

6.3.1 In General. In the event of the termination or expiration of this Agreement for any reason, QPA shall immediately be paid all fees theretofore earned, and reimbursed for all expenses incurred by QPA in accordance with the terms of this Agreement. The right to terminate this Agreement, and to receive payment of any amounts owing as of the effective date of termination, shall be in addition to any other remedy available at law or in equity. The expiration or termination of this Agreement for any reason shall be without prejudice to any payments or obligations which may have accrued or become due hereunder prior to the date of termination.

6.3.2 Participation in GPO. The Hospital hereby acknowledges and agrees that following the effective date of termination or expiration of this Agreement:

(a) **HPG.** The Hospital shall have not more than sixty (60) days to transition any affiliation between the Hospital and HPG to another group purchasing organization not affiliated with QPA or QPA (if any) or to otherwise wind down the Hospital's relationship with HPG (the "Transition Period").

(b) **SSPs.** The Hospital shall no longer have access to the "preferred pricing" offered by the SSPs through QPA's GPO Program for any new contractual relationship(s) with SSP

Vendors. For vendor agreements entered into prior to the effective date of the termination or expiration of this Agreement, the pricing in those vendor agreements between the Hospital and SSP Vendors may remain in place until the renewal or expiration of those Vendor Agreement, at which time SSP “preferred pricing” will no longer be available to the Hospital.

Article VII ALTERNATIVE DISPUTE RESOLUTION

7.1 Arbitration for All Disputes. Prior to litigation, the Parties agree that any dispute that cannot be resolved between the Parties may be submitted to binding arbitration with Judicate West in California. In the event that an arbitration, suit or action is brought by any Party under this Agreement to enforce any of its terms, it is agreed that the prevailing Party shall be entitled to reasonable attorney fees to be fixed by the arbitrator or the trial and appellate courts. The award of the arbitrators shall be final and may be entered in, and enforced through, any court of competent jurisdiction. Demand for arbitration may be filed in writing with the other Party and with Judicate West within one-hundred and twenty (120) days after the dispute in question has arisen. In no event shall the demand for arbitration be made after the date when the institution of legal or equitable proceedings based on such dispute would be barred by any applicable statutes of limitations. The foregoing agreement to arbitrate shall be specifically enforceable in accordance with applicable law in any court having jurisdiction thereof.

Article VIII MISCELLANEOUS

8.1 Duty to Cooperate. The Parties acknowledge that their mutual cooperation is critical to the ability of QPA to perform its duties hereunder successfully and efficiently. Accordingly, each Party agrees to cooperate with the other fully in formulating and implementing the goals and objectives that are in the Hospital’s best interest. The Parties agree that either Party’s failure to mutually cooperate constitutes a breach under this Agreement, and in such an event, the non-breaching Party shall be entitled to terminate this Agreement pursuant to Section 7.2.3 above.

8.2 Conflict of Interest. Any member of the Board or medical staff having any direct or indirect financial interest or investment in the Hospital, any department thereof, or any contractor providing same or similar goods or services as provided under this Agreement to the Hospital, shall disclose such relationship in writing to QPA in order to enable QPA to discharge its duties under this Agreement effectively and efficiently.

8.3 Further Documents. The Parties do hereby covenant and agree that they and their successors and assigns will execute any and all instruments, releases, assignments, and consents which may reasonably be required of them in order to carry out the provisions of this Agreement.

8.4 Effect on Successors; Survival. This Agreement shall be binding upon, enforceable by, and inure to the benefit of, the Parties and their successors and assigns. Notwithstanding anything herein to the contrary, the provisions of **Sections 2.2.3, 2.3, 2.4, Articles III, IV, V, VI, VII, VIII, and Addendum 1, Section 5** shall survive the expiration or early termination of this Agreement.

8.5 Entire Agreement. This Agreement contains the entire agreement among the Parties relating to the subject matter of this Agreement. Except as otherwise provided herein, the terms of this Agreement may be modified or amended only by written agreement of the Parties. Without limiting the foregoing, no contract, agreement, job description or other instrument entered into between the Hospital and a third-party shall in any way expand or modify the duties, obligations or liabilities of QPA. The Parties specifically confirm that they make no reliance upon any prior or contemporaneous promises, statements, representations, brochures, or materials made or provided by any person that are not specifically incorporated or referenced herein, including, without limitation, any Prior Agreement(s) between the Parties, if applicable.

8.6 Governing Law. The Agreement shall be governed by and construed, interpreted, and enforced pursuant to the laws of the state of California (without regard to its conflicts of laws rules or principles)..

8.7 Notices. All notices under this Agreement by any Party to the other shall be in writing. All notices, demands, and requests shall be deemed to be delivered if given upon the earlier of (i) actual delivery to the intended recipient or its agent or (ii) three (3) days after deposit in the United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (iii) upon delivery delivered if sent by prepaid express delivery service:

To QPA: Quorum Purchasing Advantage, LLC
1573 Mallory Lane - Suite 200
Brentwood, TN 37027
Attn: President and CEO

With copy to: Quorum Health Corporation, LLC
1573 Mallory Lane - Suite 100
Brentwood TN 37027
Attn: General Counsel

To the Hospital: Kern County Hospital Authority
on behalf of Kern Medical Center
1700 Mt. Vernon Avenue
Bakersfield, CA 93306
Attn: Board Chair

8.8 Waiver. Otherwise, the failure of any Party to exercise any right or enforce any remedy contained in this Agreement shall not operate as or be construed to be a waiver or relinquishment of the exercise of such right or remedy, or of any other right or remedy herein contained.

8.9 Enforceability; Severability. The invalidity or unenforceability of any term or provision of this Agreement shall not, unless otherwise specified, affect the validity or enforceability of any other term or provision, which shall remain in full force and effect.

8.10 Headings; Gender; Interpretation. The headings and other captions contained in this Agreement are for convenience of reference only and shall not be used in interpreting, construing or enforcing any of the provisions of this Agreement. Whenever the context requires, the gender of all words used herein shall include the masculine, feminine and neuter, and the number of all words shall include the singular and plural.

8.11 Access to Books and Records. Until the expiration of four (4) years after the furnishing of Services pursuant to this Agreement, the Parties shall, upon written request, make available to the Secretary of Health and Human Services (the "Secretary") or the Comptroller General, or their duly authorized representative(s), the contract, books, documents, and records necessary to verify the nature and extent of the cost of such Services. If any Party carries out any of its obligations under this Agreement by means of a subcontract with a value of \$10,000 or more, that Party agrees to include this requirement in any such subcontract. The availability of QPA's books, documents, and records shall be subject at all times to all applicable legal requirements, including without limitation such criteria and procedures for seeking and obtaining access that may be promulgated by the Secretary by regulation. Neither Party shall be construed to have waived any applicable attorney client privilege by virtue of this Section 8.11.

8.12 Counterpart Signature. This Agreement may be executed in one (1) or more counterparts (facsimile transmission or otherwise), each of which shall be deemed an original Agreement and all of which shall constitute but one Agreement.

8.13 Compliance with Laws. In performing their respective duties hereunder, QPA and the Hospital shall conduct themselves in full accordance with all applicable state, federal, and local laws and regulations, including, without limitation, the federal physician self-referral law (commonly known as the “Stark II Law,” 42 U.S.C. § 1395nn et seq.), and the anti-fraud and abuse provisions of the Social Security Act (42 U.S.C. § 1320a-7 et seq.). Nothing in the Agreement shall require any Party to arrange for, or send patients to, any other Party, or to any other Party’s affiliated hospitals or providers. QPA represents, to the best of its knowledge, that neither QPA nor any of its employees or agents: (i) has, been debarred, excluded or otherwise made ineligible by any Federal Government agency from participating in health care programs reimbursed by the Federal Government; (ii) convicted of a criminal offense related to the provision of health care items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) has been sanctioned or convicted by any Federal Government agency; or (viii) is listed in any Federal Government agency’s list of sanctioned, debarred, or ineligible contractors. This shall be an ongoing representation and warranty during the term of this Agreement and QPA shall immediately notify Client of any change in the status of any of the representations and/or warranties set forth in this section. Any breach of this section shall give the Hospital the right to terminate this Agreement immediately.

8.14 Changes in Law.

8.14.1 Legal Event; Consequences. Notwithstanding any other provision of this Agreement, if: (i) the Internal Revenue Service, or any of the governmental agencies that administer the Medicare, Medicaid or other federally funded programs (or their representatives or agents), or any other federal, state or local governmental or nongovernmental agency, or any court or administrative tribunal passes, issues or promulgates any final law, rule, regulation, standard, interpretation, order opinion, decision or judgment, including but not limited to those relating to any regulations determining tax exempt status (collectively or individually, a “Legal Event”), which, in the good faith judgment of one Party (the “Noticing Party”), materially and adversely affects the tax-exempt status of any of the Hospital’s financing or either Party’s tax status, licensure accreditation, certification or ability to bill, to claim, to present a bill or claim or to receive payment or reimbursement from any federal, state or local governmental or nongovernmental payor, or (ii) which Legal Event subjects the Noticing Party to a risk of prosecution or civil monetary penalty, or (iii) which Legal Event, in the good faith judgment of the Noticing Party, indicates a rule or regulation with which the Noticing Party desires further compliance, or (b) in the reasonable opinion of counsel to either Party any term or provision of this Agreement could trigger a Legal Event, then the Noticing Party may give the other Party notice in accordance with **Subsection 8.14.2** below.

8.14.2 Notice Requirements. The Noticing Party shall give notice to the other Party together with an opinion of counsel setting forth the following information:

- (a) A detailed analysis of the Legal Event(s) giving rise to the notice;
- (b) A detailed analysis of the consequences of the Legal Event(s) to the Noticing Party; and
- (c) The Noticing Party’s request for commencement of the Renegotiation Period (as defined in Section 8.14.3 below).

8.14.3 Renegotiation Period; Termination. In the event of notice under Subsection 8.14.2 above, the Parties shall negotiate in good faith for a period of sixty (60) days from the giving of such notice (“Renegotiation Period”) to attempt to amend the Agreement to resolve the Legal Event. If this Agreement is not so amended within the Renegotiation Period, this Agreement shall terminate as of midnight on the 60th day after said notice was given. Except as otherwise required by applicable law, any amounts owing to either Party hereunder shall be paid, on a pro rata basis, up to the date of such termination, and any obligation hereunder that is to continue beyond expiration or

termination shall so continue pursuant to its terms. All opinion of counsel presented by the Noticing Party hereunder, and any corresponding opinions given by the other Party in response, shall be deemed confidential and given solely for purposes of renegotiation and settlement of a potential dispute, and shall not be deemed disclosed so as to waive any privileges otherwise applicable to said opinions.

8.15 HIPAA and Business Associate Agreement. The Parties hereby acknowledge and agree to comply with the Business Associate Addendum attached hereto as Addendum 4 and incorporated herein by this reference, to evidence their compliance with privacy standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. parts 160 and 164, subparts A, D and E (“the Privacy Rule”), the security standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. parts 160, 162 and 164, subpart C (“the Security Rule”), and the requirements of Title XIII, Subtitle D of the Health Information Technology for Economic and Clinical Health (HITECH) Act as well as any applicable state confidentiality laws.

8.16 Binding Affect and Assignment. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto, and their assigns or successors in interest. Provided, further that the rights and obligations of each Party under this Agreement shall not be assigned to any third-party without the prior, written consent of the other Party; provided, that, QPA may assign any or all of its rights and obligations under this Agreement to an affiliate, or to a third-party in connection with a sale of substantially all of its assets to such third-party, without the prior consent (written or otherwise) of the Hospital.

SCHEDULE A

Quorum Purchasing Advantage, LLC Strategic Service Partners - GPO Fee Exception List	
June 2016	
Agilum	6%
Armstrong Relocation	3-6%
Arrow-Intechra	5%
Availity	4% for new service agreements
CareTech	5.5%
Century II Staffing	6%
Clinical Colleagues, Inc	Administrative fees are flat fees based on case volume and the total number of QPA facility contracts with Clinical Colleagues
Chameleon Corporation	6%
Clarity Group	7%
CHG Medical Staffing, Inc	5%
CompHealth Associates, Inc.	5%
CompHealth Locums	5%
CompleteRx	5%
Community Infusion Services	4%
Comprehensive Pharmacy Services	3% of pharmacy management fees and any shared savings fee generated. 5% - 3% of invoice sales on any fully-staffed pharmacy management agreement.
CoreBTS, Inc.	5%
CPS Payments Services, LLC	2 - 4.95%
ECI	Administrative fees are flat fees based on ED and inpatient volume
Edict Systems, Inc.	5%
Recondo Technology	6%
EmCare	Administrative fees are flat fees based on ER volume and the total number of QPA facility contracts with EmCare
Fast Health Corporation	<u>FastHealth Patient Education</u> Fast Health will pay QPA \$25/month in admin fees when SSP collects the on-going monthly service charge from each facility. If the contracted monthly fee is greater than or equal to \$500/month, the administrative fee to QPA will be \$50/month. <u>Fast Command Disaster Response System</u> SSP will pay QPA \$25/month in administrative fees when SSP collects the on-going monthly service charge from each facility. If the contracted monthly fee is greater than or equal to \$700/month, the administrative fee to QPA will be \$75/month.
Future Vision Energy, LLC	4%
Gallagher Healthcare Services, Inc.	Annual Consulting Fee of \$145,000
Global Compliance Services	5% on new contracts and existing contracts where price was adjusted to pricing table in Exhibit 'A' during the time of contract renewal.
HFMA	10%
MEDHOST	4% on Software models added after sale
Healthcare Transformations (HCT)	5%
Healogics	3% plus a flat fee of \$24,000 per year paid in quarterly installments.
Hospital Physician Partners	Administrative fees are flat fees based on ER volume and the total number of QPA facility contracts with Hospital Physician Partners

Quorum Purchasing Advantage, LLC Strategic Service Partners - GPO Fee Exception List	
June 2016	
Hospital Solutions, Inc.	4% on Motor Vehicle Accident/Lien Service \$3,000 - \$6,000 on Eligibility Services (quotes based on bed size)
Inosity Healthcare	8%
Innovative Funding Partners	4%
Institutional Bond Network	\$1,000 annual flat fee per engagement
Intermedix	3%-4%
Language Line Services	4%
Maintenance First (formerly Panda Software)	10% - 40%
McKesson	29% - 50%
MedicalGPS	8%
MedKinetics	5%
MileStone Health	5% New, 3% on renewal, 1.5% on renewed prior to effective date.
MSN	4%
Novarad	4%
Pain Management Group (PMG)	4% on monthly set up fees
Passport Health Communications, Inc.	\$0.01 per transaction; 4% of license price, if required.
Professional Transcription Company	6%
Prospective Payment Specialties	6%
PolicyTech	5%
Premier Anesthesia	Flat Fee based on anesthesia volume and number of hospital contracts
Revenue Source Group Inc.	5%
Sammons Preston	3%-5%
Specialists on Call	4%
SSI Group	7% for new service agreements
Sy.Med Development, Inc.	5%
Southeast Reimbursement Group	Flat Fee of \$400 for each Medicare Transfer Claims Review contract
SwiftMD	6%
Thompson & Associates	5%
Touchpoint Care	10%
United On Call Laser	6%
United Shockwave Therapies	8%
Veridikal Healthcare Solutions	5% Consulting Services
Verisys	6%
VitalWare	4%
Weatherby Locums	5%
WellnessWorks	3-5%

ADDENDUM 1 - COMPENSATION

This **Addendum 1** is attached to and made a part of that certain Enhanced Purchasing Services Agreement between Quorum Purchasing Advantage, LLC ("QPA") and Kern County Hospital Authority on behalf of Kern Medical Center (the "Hospital") (each a "Party"; collectively, the "Parties"), with an Effective Date of the 1st day of February, 2017.

1. Annual Fee. In consideration for the Services to be provided by QPA to the Hospital as outlined in this Agreement and the respective Addenda, and in addition to any other amounts payable to, or reimbursable to, QPA, the Hospital shall pay QPA the Annual Fee set forth on the Cover Page, payable as set forth below, and subject to annual adjustment as set forth below.

2. When Due and Method of Payment. The Annual Fee shall be payable in advance, before the first (1st) day of each month, in equal monthly installments. The Annual Fee is in addition to, and not in lieu of, all other payments and reimbursements to be made by the Hospital to QPA under the terms of this Agreement. Upon execution of this Agreement, the Hospital may initiate and authorize payment of the Annual Fee through automatic withdrawal from the Hospital's account, and wire transfer each monthly installment to QPA's account. Such automatic withdrawal and transfer shall occur before the first (1st) day of each month for Services to be rendered during the upcoming month.

3. Annual Adjustment of Fees. Beginning on the first (1st) anniversary of the Effective Date, and on each anniversary of the Effective Date thereafter during the remainder of the Term, any and all fees outlined in this Agreement shall be increased by a factor equal to the greater of: (i) five percent (5%); or (ii) the percentage increase in the CPI (as hereafter defined) over the preceding twelve (12) months, up to and including, the latest prior month for which statistics are available (the most recent available month published). As used herein, the term "CPI" means the Medical Component of the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. All City Average Report, published by the United States Department of Labor. If such an index shall no longer be published on an anniversary date, the substitute index (or similar measure) shall be used.

4. Travel Expenses. The Hospital agrees to reimburse QPA for any and all approved travel-related expenses incurred by any and all QPA employees and consultants in connection with providing any and all Services to the Hospital, except for expenses incurred for Customer Supply Opportunity and Expense Strategy Visits. Travel-related expenses will be invoiced to the Hospital, and the Hospital agrees to pay all invoices for travel-related expenses within thirty (30) days of its receipt of any QPA invoice. Travel-related expenses will include transportation, lodging and meal expenses.

5. Late Payments. The Hospital shall bear the costs of any and all legal or collection fees, costs and/or expenses, of any kind, incurred by QPA in attempting to enforce the Hospital's payment obligations hereunder.

ADDENDUM 2 - ENHANCED PURCHASE SERVICES

This **Addendum 2** is attached to and made a part of that certain Enhanced Purchasing Services Agreement between Quorum Purchasing Advantage, LLC ("QPA") and Kern County Hospital Authority on behalf of Kern Medical Center (the "Hospital") (each a "Party"; collectively, the "Parties"), with an Effective Date of the 1st day of February, 2017.

1. "Enhanced Purchasing" Services. During the Term, QPA shall provide the Hospital with access to the following "Enhanced Purchasing" Services:

A. Support Personnel. QPA will assign a regional director (the "Director") to assist the Hospital with its GPO Program utilization and periodically consult by telephone with the Hospital's materials manager on matters relevant to the Hospital's participation in QPA's GPO Program. Within a mutually-agreed upon timeframe, the Director will visit the Hospital to assist with the development and implementation of a GPO conversion plan. At least one (1) time per year, the Director will conduct a Customer Supply Opportunity and Expense Strategy Visit on-site at the Hospital.

B. Reports. QPA will provide the Hospital with the following reports (collectively, the "Report"): (i) each month of each year of the Term, QPA will publish and make available to the Hospital reports that outline the status of the Hospital's utilization in QPA's GPO program; (ii) other information and data pertinent about the Hospital's participation in the QPA's GPO program and opportunities; and (iii) and annual value report outlining the benefits received through the QPA over the preceding twelve month period.

C. Educational Programs and Publications.

1. In General, Tuition and Travel Expenses. During the Term, QPA will provide the Hospital with access to offerings currently provided through the Quorum Learning Institute. Members of the board and Hospital Employees may attend certain Annual Conferences and Core Educational Offerings (as QPA may designate in its Quorum Learning Institute product catalog, which Quorum reserves the right to change at its discretion at any time) on a tuition-free basis. In addition, QPA may provide medical staff Leadership programs which can be attended by designated medical staff Leaders on a tuition-free basis. Notwithstanding any waiver by QPA of tuition fees, any and all travel-related expenses (including any web-based access fees) for Hospital employees or Board members attending any of the educational programs will be the sole responsibility of the Hospital.

2. Program Location and Regional Programs. The Quorum Learning Institute programs are offered in Brentwood, Tennessee, and at other locations from time to time. Course catalogs and announcements will be sent to the Hospital from time to time during the Term.

D. Capital Pricing Program. QPA will provide the Hospital with access to MD Buyline for capital equipment quotation analysis.

E. Vantage Benchmarking Financial Comparative Database. QPA will provide the Hospital with access to Vantage Benchmarking - a financial comparative database that provides a unique, real-time financial and statistical data source for peer and benchmark comparison to help identify potential hospital improvement opportunities. Designed from years of healthcare finance experience, this easy-to-use tracking and decision support tool has been used by hundreds of community hospitals. Vantage Benchmarking provides reports to track and trend changes in staffing, revenue cycle, and other critical areas to help find and resolve issues early - before they become a crisis. This decision support solution can be leveraged for budget projections, performance improvement planning, and ROI measurement. Features include monthly and quarterly reports that compare the Hospital's data to peer hospitals and a benchmark set at the 75th percentile of the database for the Hospital's revenue size facility; prior-year [rolling twelve (12) month] reporting; and multiple report formats for high-level trending and comparisons. To access Vantage Benchmarking, the Hospital shall assist Quorum with

collecting the Hospital's financial and operational data to be included in Quorum's Financial Comparative Database. The Hospital agrees that Quorum may use the Hospital's data in an aggregated, un-identifiable form (the "Aggregated Data") for any purpose, and Hospital hereby grants to Quorum a perpetual, royalty-free license for such use. The Hospital shall have access to the Hospital's comparative data, as well as the aggregated data of other Quorum hospital clients, via a link provided by Quorum to the Hospital, and that the Aggregated Data can and shall be used for self-analysis and trending purposes only. All data provided by the Hospital shall be deemed to be Confidential Information. In no event does the Aggregated Data include any personally identifiable information.

F. Supply Chain Initiatives. Access to supply chain initiative programs focused on supply chain savings.

G. Incentive Programs. Access to QPA-negotiated standardized incentive programs or volume/compliance drive tier opportunities.

H. Local Incentive Programs. Access to locally-negotiated standardized incentive programs or volume or compliance drive tier opportunities.

I. HPG/QPA Annual Meeting. As space allows, the Hospital will have access to the HPG/QPA Annual Meeting.

ADDENDUM 3 – BUSINESS ASSOCIATE ADDENDUM

This **Addendum 3** is attached to and made a part of that certain Enhanced Purchasing Services Agreement by and between Quorum Purchasing Advantage, LLC ("Business Associate") and Kern County Hospital Authority on behalf of Kern Medical Center ("Covered Entity") (each a "Party"; collectively, the "Parties"), with an Effective Date of the ___ day of _____, 2016.

RECITALS

WHEREAS, Covered Entity is a "Covered Entity" as that term is defined under the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-91), as amended, ("HIPAA"), and the regulations promulgated thereunder by the Secretary of the U.S. Department of Health and Human Services ("Secretary"), including, without limitation, the regulations codified at 45 C.F.R. Parts 160, 162, and 164 ("HIPAA Rules");

WHEREAS, Business Associate performs Services for or on behalf of Covered Entity, and in performing said Services, Business Associate creates, receives, maintains, or transmits Protected Health Information ("PHI");

WHEREAS, the Parties intend to protect the privacy and provide for the security of PHI Disclosed by Covered Entity to Business Associate, or received or created by Business Associate, when providing Services in compliance with HIPAA, the Health Information Technology for Economic and Clinical Health Act (Public Law 111-005) (the "HITECH Act") and its implementing regulations and guidance issued by the Secretary; and

WHEREAS, the Privacy and Security Rules (defined below) require Covered Entity and Business Associate to enter into a BAA that meets certain requirements with respect to the Use and Disclosure of PHI, which are met by this BAA.

AGREEMENT

NOW THEREFORE, in consideration of the Recitals and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I DEFINITIONS

1.1 "**Breach**" shall have the meaning given under 45 C.F.R. § 164.402.

1.2 "**Breach Notification Rule**" shall mean the Breach Notification for Unsecured Protected Health Information interim final rule at 45 C.F.R. Parts 160 and 164, Subpart D, as may be amended from time to time.

1.3 "**Designated Record Set**" shall have the meaning given such term under 45 C.F.R. § 164.501.

Error! Unknown document property name.

1.4 “**Disclose**” and “**Disclosure**” mean, with respect to PHI, the release, transfer, provision of access to, or divulging in any other manner of PHI outside of Business Associate or to other than members of its Workforce, as set forth in 45 C.F.R. § 160.103.

1.5 “**Electronic PHI**” or “**e-PHI**” means PHI that is transmitted or maintained in electronic media, as set forth in 45 C.F.R. § 160.103.

1.6 “**Protected Health Information**” and “**PHI**” mean any information created, received or maintained by Business Associate on behalf of Covered Entity, whether oral or recorded in any form or medium, that: (a) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) shall have the meaning given to such term under the Privacy Rule at 45 C.F.R. § 160.103. Protected Health Information includes e-PHI.

1.7 “**Privacy Rule**” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, Subparts A and E, as may be amended from time to time.

1.8 “**Security Rule**” shall mean the Security Standards at 45 C.F.R. Parts 160 and 164, Subparts A and C, as may be amended from time to time.

1.9 “**Services**” shall mean the services for or functions on behalf of Covered Entity performed by Business Associate pursuant to any service agreement(s) between Covered Entity and Business Associate which may be in effect now or from time to time (the “**Underlying Agreement**”), or, if no such agreements are in effect, then the services or functions performed by Business Associate that constitute a Business Associate relationship, as set forth in 45 C.F.R. § 160.103.

1.10 “**Subcontractor**” shall have the meaning given to such term under 45 C.F.R. § 160.103.

1.11 “**Unsecured PHI**” shall have the meaning given to such term under 42 U.S.C. § 17932(h), 45 C.F.R. § 164.402, and guidance issued pursuant to the HITECH Act including, but not limited to the guidance issued on April 17, 2009 and published in 74 Federal Register 19006 (April 27, 2009) by the Secretary.

1.12 “**Use**” or “**Uses**” mean, with respect to PHI, the sharing, employment, application, utilization, examination or analysis of such PHI within Business Associate’s internal operations, as set forth in 45 C.F.R. § 160.103.

1.13 “**Workforce**” shall have the meaning given to such term under 45 C.F.R. § 160.103

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to them in HIPAA or the HITECH Act, as applicable.

ARTICLE II OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate shall not Use or Disclose PHI other than as permitted or required by any Underlying Agreement, this BAA, or as Required by Law. Business Associate shall not Use or Disclose PHI in any manner that would constitute a violation of the Privacy Rule if so Used or Disclosed by Covered Entity, except that Business Associate may Use or Disclose PHI (i) for the proper management and administration of Business Associate; (ii) to carry out the legal responsibilities of Business Associate, provided that with respect to any such Disclosure either: (a) the Disclosure is Required by Law; or (b) Business Associate obtains a written agreement from the person to whom the PHI is to be Disclosed that such person will hold the PHI in confidence and shall not Use and further Disclose such PHI except as Required by Law and for the purpose(s) for which it was Disclosed by Business Associate to such person, and that such person will notify Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached. Business Associate may perform Services, including Data Aggregation for the Health Care Operations purposes of Covered Entity and de-identification of PHI in accordance with 45 C.F.R. § 164.514, if required by any Underlying Agreement or with the advance written permission of Covered Entity.

2.2 Adequate Safeguards of PHI. Business Associate shall implement and maintain appropriate safeguards to prevent Use or Disclosure of PHI other than as provided for by this BAA. Business Associate shall reasonably and appropriately protect the confidentiality, integrity, and availability of e-PHI that it creates, receives, maintains or transmits on behalf of Covered Entity and shall comply with Subpart C of 45 C.F.R. Part 164 to prevent Use or Disclosure of PHI other than as provided for by this BAA.

2.3 Reporting Non-Permitted Use or Disclosure.

2.3.1 Reporting Security Incidents and Non-Permitted Use or Disclosure. Business Associate shall report to Covered Entity in writing each Security Incident or Use or Disclosure that is made by Business Associate, members of its Workforce, or Subcontractors that is not specifically permitted by this BAA no later than twenty-four (24) hours days after becoming aware of such Security Incident or non-permitted Use or Disclosure, in accordance with the notice provisions set forth herein. Notwithstanding the foregoing, Business Associate and Covered Entity acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and Covered Entity acknowledges and agrees that no additional notification to Covered Entity of such ineffective Security Incidents is required, as long as no such incident results in unauthorized access, Use or Disclosure of PHI. Business Associate shall investigate each Security Incident or non-permitted Use or Disclosure of Covered Entity's PHI that it discovers to determine whether such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI and shall provide a summary of its investigation and risk assessment to Covered Entity. Business Associate shall document and retain records of its investigation of any suspected Breach, including its reports to Covered Entity under this Section 2.3.1. Business Associate shall take prompt corrective action and any action required by applicable state or federal laws and regulations relating to such Security Incident or non-

permitted disclosure. If Business Associate or Covered Entity, in its review of this initial report, determines that such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI, then Business Associate shall comply with the additional requirements of Section 2.3.2 below.

2.3.2 Breach of Unsecured PHI. If Business Associate or Covered Entity determines that a reportable Breach of Unsecured PHI has occurred, Business Associate shall provide a written report to Covered Entity without unreasonable delay but no later than five (5) calendar days after discovery of the Breach. To the extent that information is available to Business Associate, Business Associate's written report to Covered Entity shall be in accordance with 45 C.F.R. §164.410(c). Business Associate shall cooperate with Covered Entity in meeting Covered Entity's obligations under the HIPAA Rules with respect to such Breach. Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected individual(s), the Secretary and, if applicable, the media. Business Associate shall reimburse Covered Entity for its reasonable and actual costs and expenses in providing the notification, including, but not limited to, any administrative costs associated with providing notice, printing and mailing costs, public relations costs, and costs of mitigating the harm (which may include the costs of obtaining credit monitoring services and identity theft insurance) for affected individuals whose PHI has or may have been compromised as a result of the Breach.

2.3.3 Data Breach Notification and Mitigation Under Other Laws. In addition to the requirements of Sections 2.3.1 and 2.3.2, Business Associate agrees to implement reasonable systems for the discovery and prompt reporting of any breach of individually identifiable information (including but not limited to PHI, and referred to hereinafter as "Individually Identifiable Information") that, if misused, disclosed, lost or stolen, Covered Entity believes would trigger an obligation under applicable state security breach notification laws ("State Breach") to notify the individuals who are the subject of the information. Business Associate agrees to: (i) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach; (ii) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach conducted by a state agency or Attorney General; (iii) comply with Covered Entity's determinations regarding Covered Entity's and Business Associate's obligations to mitigate to the extent practicable any potential harm to the individuals impacted by the State Breach; and (iv) assist with the implementation of any decision by Covered Entity or any State agency to notify individuals impacted or potentially impacted by a State Breach.

2.4 Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of PHI by Business Associate in violation of the requirements of this BAA.

2.5 Use of Subcontractors. Business Associate shall require each of its Subcontractors that creates, maintains, receives, or transmits PHI on behalf of Business Associate, to execute a Business Associate Agreement that imposes on such Subcontractors substantially the same restrictions, conditions, and requirements that apply to Business Associate under this BAA with respect to PHI.

2.6 Access to Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall make the PHI it maintains (or which is maintained by its Subcontractors) in Designated Record Sets available to Covered Entity for inspection and copying, or to an Individual to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524. If Business Associate maintains PHI in a Designated Record Set electronically, Business Associate shall provide such information in the electronic form and format requested by the Covered Entity if it is readily reproducible in such form and format, and, if not, in such other form and format agreed to by Covered Entity to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524(c)(2). Business Associate shall notify Covered Entity within five (5) days of receipt of a request for access to PHI from an Individual.

2.7 Amendment of Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall amend the PHI it maintains (or which is maintained by its Subcontractors) in Designated Record Sets to enable the Covered Entity to fulfill its obligations under 45 C.F.R. § 164.526. Business Associate shall notify Covered Entity within five (5) days of receipt of a request for amendment of PHI from an Individual.

2.8 Accounting. Within thirty (30) days of receipt of a request from Covered Entity or an Individual for an accounting of disclosures of PHI, Business Associate and its Subcontractors shall make available to Covered Entity the information required to provide an accounting of disclosures to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c). Business Associate shall notify Covered Entity within five (5) days of receipt of a request by an Individual or other requesting party for an accounting of disclosures of PHI from an Individual.

2.9 Delegated Responsibilities. To the extent that Business Associate carries out one or more of Covered Entity's obligations under Subpart E of 45 C.F.R. Part 164, Business Associate must comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.

2.10 Availability of Internal Practices, Books, and Records to Government. Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, created, maintained, or transmitted by Business Associate on behalf of Covered Entity promptly available for inspection and copying to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's or Business Associate's compliance with the HIPAA Rules. In addition, Business Associate agrees that Covered Entity shall have the right to audit and monitor all applicable activities and records of Business Associate to determine Business Associate's compliance with the HIPAA Rules and shall promptly make available to Covered Entity such books, records, or other information relating to the Use and Disclosure of PHI provided, created, received, maintained or transmitted by Business Associate on behalf of Covered Entity for such purpose.

2.11 Minimum Necessary. Business Associate (and its Subcontractors) shall, to the extent practicable, limits its request, Use, or Disclosure of PHI to the minimum amount of PHI necessary to accomplish the purpose of the request, Use or Disclosure, in accordance with 42 U.S.C. § 17935(b) and 45 C.F.R. § 164.502(b)(1) or any other guidance issued thereunder.

2.12 Acknowledgement. Business Associate acknowledges that it is obligated by law to comply, and represents and warrants that it shall comply, with HIPAA, the HITECH Act, and the HIPAA Rules. Business Associate shall comply with all applicable state privacy and security laws, to the extent that such state laws are not preempted by HIPAA or the HITECH Act.

ARTICLE III OBLIGATIONS OF COVERED ENTITY

3.1 Covered Entity's Obligations.

3.1.1 Covered Entity shall notify Business Associate of any limitation(s) in the Notice of Privacy Practices of Covered Entity under 45 C.F.R. 164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of PHI.

3.1.2 Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an individual to Use or Disclose his or her PHI, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI.

3.1.3 In the event Covered Entity agrees with an Individual to any restrictions on Use or Disclosure of PHI pursuant to 45 C.F.R. § 164.522(a) or if Covered Entity determines that it is obligated to accommodate a reasonable request of an Individual to receive communications of PHI pursuant to 45 C.F.R. § 164.522(b), Covered Entity promptly shall notify Business Associate of the same, as well as any revocation or modification of the same, and Business Associate thereupon shall observe such restriction or accommodation (or revocation or modification, if any, thereof) to the extent applicable to its Use or Disclosure of PHI hereunder, notwithstanding any other provision hereof, except as otherwise required by law.

3.1.4 Covered Entity agrees to obtain any consent or authorization that may be required under HIPAA or any other applicable law and/or regulation prior to furnishing Business Associate with PHI.

3.1.5 Covered Entity shall not request Business Associate to make any Use or Disclosure of PHI that would not be permitted under HIPAA if made by Covered Entity. Covered Entity agrees to fulfill its obligations under this BAA in a timely manner.

ARTICLE IV TERM AND TERMINATION

4.1 Term. Subject to the provisions of Section 4.1, the term of this BAA shall be the term of any Underlying Agreement.

4.2 Termination of Underlying Agreement.

4.2.1 A breach by Business Associate of any provision of this BAA, as determined by Covered Entity, shall constitute a material breach of the Underlying Agreement and shall provide grounds for immediate termination of the Underlying Agreement, any provision in the Underlying Agreement to the contrary notwithstanding.

4.2.2 Covered Entity may terminate the Underlying Agreement, effective immediately, if: (i) Business Associate is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws or (ii) a finding or stipulation that the Business Associate has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws is made in any administrative or civil proceeding in which the party has been joined.

4.3 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in any Underlying Agreement, upon Covered Entity's knowledge of a material breach or violation of this BAA by Business Associate, Covered Entity shall either:

4.3.1 Notify Business Associate of the breach in writing, and provide an opportunity for Business Associate to cure the breach or end the violation within ten (10) business days of such notification; provided that if Business Associate fails to cure the breach or end the violation within such time period to the satisfaction of Covered Entity, Covered Entity may terminate this BAA and any Underlying Agreement upon thirty (30) calendar days written notice to Business Associate; or

4.3.2 Upon thirty (30) calendar day written notice to Business Associate, immediately terminate this BAA and any Underlying Agreement if Covered Entity determines that such breach cannot be cured.

4.4 Disposition of Protected Health Information Upon Termination or Expiration.

4.4.1 Upon termination or expiration of this BAA, Business Associate shall return or destroy all PHI received from, or created or received by Business Associate on behalf of Covered Entity, that Business Associate still maintains in any form and retain no copies of such PHI. If Covered Entity requests that Business Associate return PHI, PHI shall be returned in a mutually agreed upon format and timeframe.

4.4.2 If return or destruction is not feasible, Business Associate shall: (a) retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities; (b) return to Covered Entity the remaining PHI that the Business Associate still maintains in any form; (c) continue to extend the protections of this BAA to the PHI for as long as Business Associate retains the PHI; (d) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI not feasible and subject to the same conditions set out in Sections 2.1 and 2.2 above, which applied prior to termination; and (e) return to Covered Entity the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

ARTICLE V MISCELLANEOUS

5.1 Regulatory References. A reference in this BAA to a section or other part of HIPAA, the HIPAA Rules, or the HITECH Act means, as of any point in time, the section or part as it may be amended or in effect at such time.

5.2 Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as necessary for Covered Entity to implement its obligations pursuant to HIPAA, the HIPAA Rules, or the HITECH Act.

5.3 Relationship to Underlying Agreement Provisions. In the event that a provision of this BAA is contrary to a provision of an Underlying Agreement, the provision of this BAA shall control. Otherwise, this BAA shall be construed under, and in accordance with, the terms of such Underlying Agreement, and shall be considered an amendment of and supplement to such Underlying Agreement.

5.4 Headings. The headings of the paragraphs and sections of this BAA are inserted solely for convenience of reference and are not a part or intended to govern, limit or aid in the construction of any term or provision hereof.

5.5 Equitable Relief. Business Associate understands and acknowledges that any Disclosure or misappropriation of any PHI in violation of this BAA will cause Covered Entity irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that Covered Entity shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining any such further Disclosure or Breach and for such other relief as Covered Entity shall deem appropriate. Such right of Covered Entity is to be in addition to the remedies otherwise available to Covered Entity at law or in equity. Business Associate expressly waives the defense that a remedy in damages will be adequate and further waives any requirement in an action for specific performance or injunction for the posting of a bond by Covered Entity.

5.6 Insurance. In addition to any general and/or professional liability insurance required of Business Associate, Business Associate agrees to obtain and maintain, at its sole expense, liability insurance on an occurrence basis, covering any and all claims, liabilities, demands, damages, losses, costs and expenses arising from a breach of the security or privacy obligations of Business Associate, its officers, employees, agents and Subcontractors under this BAA. Such insurance coverage will be maintained for the term of this BAA, and a copy of such policy or a certificate evidencing the policy shall be provided to Covered Entity at Covered Entity's request.

5.7 Assistance in Litigation or Administrative Proceedings. Business Associate shall make itself and any Subcontractors or members of its Workforce assisting Business Associate in the performance of its obligations under this BAA available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claim of violation of the HIPAA or other applicable laws relating to privacy or security.

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

5.9 Legal Actions. Promptly, but no later than five (5) business days after notice thereof, Business Associate shall advise Covered Entity of any actual or potential action, proceeding, regulatory or governmental orders or actions, or any material threat thereof that becomes known to it that may affect the interests of Covered Entity or jeopardize this BAA, and of any facts and circumstances that may be pertinent to the prosecution or defense of any such actual or potential legal action or proceeding, except to the extent prohibited by law.

5.10 Notice of Request or Subpoena for Data. Business Associate agrees to notify Covered Entity promptly, but no later than five (5) business days after Business Associate's receipt of any request or subpoena for PHI or an accounting thereof. Business Associate shall promptly comply with Covered Entity's instructions for responding to any such request or subpoena, unless such Covered Entity instructions would prejudice Business Associate. To the extent that Covered Entity decides to assume responsibility for challenging the validity of such request, Business Associate agrees to reasonably cooperate with Covered Entity in such challenge. The provisions of this Section shall survive the termination of this BAA.

5.11 Requests from Secretary. Promptly, but no later than five (5) calendar days after notice thereof, Business Associate shall advise Covered Entity of any inquiry by the Secretary concerning any actual or alleged violation of the Privacy Rule or the Security Rule.

5.12 Notices. Any notices required or permitted to be given hereunder by either Party to the other shall be given in writing: (1) by personal delivery; (2) by electronic mail or facsimile with confirmation sent by United States first class registered or certified mail, postage prepaid, return receipt requested; (3) by bonded courier or by a nationally recognized overnight delivery service; or (4) by United States first class registered or certified mail, postage prepaid, return receipt, in each case, addressed to a Party on the signature page(s) to this BAA, or to such other addresses as the Parties may request in writing by notice given pursuant to this Section 5.12. Notices shall be deemed received on the earliest of personal delivery; upon delivery by electronic facsimile with confirmation from the transmitting machine that the transmission was completed; twenty-four (24) hours following deposit with a bonded courier or overnight delivery service; or seventy-two (72) hours following deposit in the U.S. mail as required herein.

Covered Entity's Notice Address:

Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, CA 93306

Attn: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

Business Associate's Notice Address:

Quorum Health Resources
1573 Mallory Lane - Suite 200
Brentwood, TN 37027

Attn: Chief Executive Officer
Fax: 615.371.4670

5.13 Relationship of Parties. Notwithstanding anything to the contrary in any Underlying Agreement, Business Associate is an independent contractor and not an agent of Covered Entity under this BAA. Business Associate has the sole right and obligation to supervise, manage, contract, direct, procure, perform or cause to be performed all Business Associate obligations under this BAA.

5.14 Survival. To the extent that Business Associate retains PHI, the respective rights and obligations of the Parties set forth in Sections 2.3, 4.4, 5.8, and 5.10 of this BAA shall survive the termination, expiration, cancellation, or other conclusion of the BAA or any Underlying Agreement.

5.15 Interpretation. Any ambiguity in this BAA shall be interpreted to permit the Parties to comply with HIPAA, the HITECH Act, and the HIPAA Rules.

5.16 Governing Law; Applicable Law and Venue. This BAA shall be construed in accordance with the laws of the State of California applicable to agreements made and to be performed in such state. Any dispute between the Parties shall be brought before the Superior Court of Kern County, California, which shall have jurisdiction over all such claims.

5.17 Waiver of Provisions. Any waiver of any terms and conditions hereof must be in writing and signed by the Parties hereto. A waiver of any of the terms and conditions hereof shall not be construed as a waiver of any other term or condition hereof.

5.18 Assignment and Delegation. Neither this BAA nor any of the rights or duties under this BAA may be assigned or delegated by either Party hereto.

5.19 Disclaimer. Neither Party represents or warrants that compliance by the other Party with this BAA, HIPAA, the HIPAA Rules, or the HITECH Act will be adequate or satisfactory for the other Party's own purposes. Each Party is solely responsible for its own decisions regarding the safeguarding of PHI.

5.20 Certification. To the extent that Covered Entity determines that such examination is necessary to comply with Covered Entity's legal obligations pursuant to HIPAA relating to certification of its security practices, Covered Entity or its authorized agents or contractors may, at Covered Entity's expense, examine Business Associate's facilities, systems, procedures, and records, as may be necessary for such agents or contractors to certify to Covered Entity the extent to which Business Associate's security safeguards comply with HIPAA, the HIPAA Rules, the HITECH Act, or this BAA.

5.21 Counterparts. This BAA may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on both Parties hereto.

The Parties hereto have executed this BAA as of the Effective Date of the attached Agreement.

COVERED ENTITY:

The Kern County Hospital Authority on behalf
of Kern Medical Center

BUSINESS ASSOCIATE:

Quorum Purchasing Advantage, LLC

Title: _____

Date: _____

Title: Chief Financial Officer

Date: _____

EXHIBIT "3"
Insurance

With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described below unless such insurance has been expressly waived in writing by Authority. Any requirement for insurance to be maintained after completion of the work shall survive the termination or expiration of this Agreement.

Authority reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

1. Workers' Compensation and Employers Liability Insurance:

- (a) Required if Contractor has employees. If Contractor currently has no employees, Contractor's written confirmation of such will be required before execution of this Agreement. If Contractor engages any employees during the term of this Agreement or any extensions thereof, Contractor agrees to obtain the specified Workers' Compensation and Employers Liability insurance.
- (b) Workers' Compensation insurance with statutory limits as required by the California Labor Code.
- (c) Employers Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- (d) Waiver of Subrogation: The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Authority for all work performed by Contractor, its employees, agents and subcontractors.
- (e) Required Evidence of Insurance: Certificate of Insurance.

2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Contractor maintains higher limits than the specified minimum limits, Authority requires and shall be entitled to coverage for the higher limits maintained by Contractor.
- (c) If Contractor has no Owned automobiles, the General Liability policy shall include Non-Owned and Hired Automobile Liability in the amount of \$1,000,000 combined single limit per accident.

- (d) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by Authority. Contractor is responsible for any deductible or self-insured retention and shall fund it upon Authority's written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving Authority.
- (e) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 6 below for full Additional Insured wording.
- (f) The insurance provided to Authority as an additional insured shall be primary to and non-contributory with any insurance or self-insurance program maintained by Authority.
- (g) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "F" definition of insured contract in ISO form CG 00 01, or equivalent).
- (h) The policy shall cover inter-insured suits between Authority and Contractor and include a "separation of insureds" or "severability" clause which treats each insured separately.
- (i) Required Evidence of Insurance: (i) Copy of the additional insured endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

- (a) Minimum Limits: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- (b) Insurance shall apply to all Owned autos. If Contractor currently owns no autos, Contractor agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions thereof.
- (c) Insurance shall include coverage for Non-Owned and Hired autos. (See requirements in section 1(c) above if there is no separate Automobile Liability coverage.)
- (d) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 6 for full Additional Insured wording.
- (e) Required Evidence of Insurance: Certificate of Insurance.

4. Professional Liability Insurance (Errors and Omissions):

- (a) Professional Liability Insurance (Errors and Omissions) appropriate to Contractor's profession.
- (b) Minimum Limits: \$1,000,000 per Occurrence or Claim; \$3,000,000 Annual Aggregate. If Contractor maintains higher limits than the specified minimum limits, Authority requires and shall be entitled to coverage for the higher limits maintained by Contractor.

- (c) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by Authority. Contractor is responsible for any deductible or self-insured retention and shall fund it upon Authority's written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving Authority.
 - (d) Required Evidence of Coverage: Certificate of Insurance.
5. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.
6. Additional Insured Wording: "**Kern County Hospital Authority, its officers, officials, employees and volunteers**" are to be named as Additional Insureds as per each section where noted above.
7. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:
- (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
 - (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work*.
 - (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Contractor must purchase "extended reporting" coverage for a minimum of *five (5) years* after completion of the contract work.
8. Documentation:
- (a) The Certificate of Insurance must include the following reference: "**Agreement for Professional Services – Master Facility Plan.**"
 - (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with Authority for the entire term of this Agreement and any additional periods if specified in sections 1, 2, 3 or 4 above.
 - (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
 - (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
 - (e) Contractor shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
 - (f) Upon written request, proof of required insurance policies must be provided to Authority within 30 days.

9. Policy Obligations: Contractor's indemnity and other obligations shall not be limited by the foregoing insurance requirements.
10. Primary Coverage: For any claims related to this Agreement, Contractor's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects Authority, its officers, directors, officials, employees, and volunteers. Any insurance or self-insurance maintained by Authority, its officers, directors, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.
11. Material Breach: If Contractor fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. Authority, at its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, Authority may purchase the required insurance, and without further notice to Contractor, Authority may deduct from sums due to Contractor any premium costs advanced by Authority for such insurance. These remedies shall be in addition to any other remedies available to Authority.

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

January 18, 2017

Subject: Proposed Change Order No. 1 to Agreement 2016-52 with Best Electric

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed Change Order No. 1 to Agreement 2016-52 with Best Electric, an independent contractor, for construction management services related to the emergency power distribution upgrades, providing a credit in the amount of \$5,579, for labor, material, and equipment, and decreasing the maximum payable to a new amount not to exceed \$664,222.

CHANGE ORDER

PROJECT:

Emergency Power Distribution Upgrades
1700 Mt. Vernon Avenue
Bakersfield, CA 93306

PROJECT NO.: 1250.10922
CONTRACT NO.: HA2016-052

CONTRACTOR:

BEST Electric
15305 S. Normandie Avenue
Gardena, CA 90247

CHANGE ORDER NO.: ONE (1)

DATE:

DESCRIPTION OF CHANGE	ADD	DEDUCT
1. Provide a credit for all labor, material and equipment to delete the underground duct bank at the B wing area, and install above ground conduits and electrical.		-(\$5,578.83)
CHANGE ORDER NO. 1 TOTAL (ADD)	(\$5,578.83)	
ORIGINAL CONTRACT PRICE	\$669,800.00	
NEW CONTRACT AMOUNT	\$664,221.17	

REASON FOR CHANGE

1. As a cost savings to the hospital, it was determined that the exterior electrical conduit and wires should be installed above ground at the B Wing section of the facility.

Funds are available in the contract budget to cover this increase in cost.

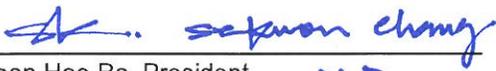
CONFORMANCE WITH SPECIFICATIONS:

All work shall be done in conformance with the specifications as applied to work of a similar nature.

If the contractor refuses to sign this document, the work listed herein shall be performed on a force account basis.

SUBMITTED BY:

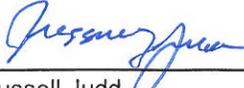
BEST Electric

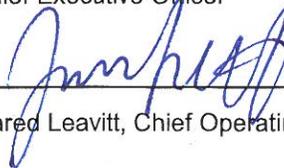
BY: 
Yoon Hee Ro, President *V.P.*

**APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL**

BY: 
Shannon Hochstein
Deputy County Counsel

APPROVED AS TO CONTENT:

BY: 
Russell Judd
Chief Executive Officer

BY: 
Jared Leavitt, Chief Operating Officer

KERN COUNTY HOSPITAL AUTHORITY

BY: _____
Chairman
"AUTHORITY"



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

January 18, 2017

Subject: Proposed Change Order No. 1 to Agreement 2016-086 with Black/Hall Construction, Inc.

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

Summary:

Proposed Change Order No. 1 to Agreement 2016-086 with Black/Hall Construction, Inc., an independent contractor, for construction management services related to the G wing decommission project, increasing of the maximum payable by \$70,800, to cover the cost of additional services.

CHANGE ORDER

PROJECT:

G Wing Decommission
1700 Mt. Vernon Avenue
Bakersfield, CA 93306

PROJECT NO.:

1250.10947

CONTRACT NO.:

HA2016-086

CONTRACTOR:

Black Hall Construction, Inc.
P.O. Box 445
Taft, CA 93628

CHANGE ORDER NO.:

ONE (1)

DATE:

DESCRIPTION OF CHANGE	ADD	DEDUCT
1. All of contractor extended overhead incurred during the 151 Working Days needed to obtain OSHPD-permitted Amended Construction Documents (ACD) required for unknown wood frame conditions in 2nd Floor Ceiling.	\$40,000.00	
2. Contractor extended overhead due to the additional work resulting from the ACD to mitigate wood framing encountered in 2nd Floor Ceiling.	\$30,800.00	
CHANGE ORDER NO. 1 TOTAL (ADD)	\$70,800.00	
ORIGINAL CONTRACT PRICE	\$311,038.91	
NEW CONTRACT AMOUNT	\$381,838.91	

REASON FOR CHANGE

1. Contractor is due additional time and overhead costs due to the time delay experienced while awaiting the approved ACD, which was required due to unknown wood framing encountered in the 2nd Floor ceiling.
2. Contractor is due additional overhead costs related to the additional work described in the ACD, which mitigates the wood framing issue in the 2nd Floor Ceiling.

Funds are available in the contract budget to cover this increase in cost.

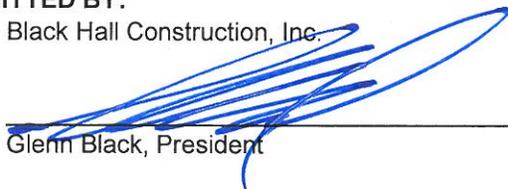
CONFORMANCE WITH SPECIFICATIONS:

All work shall be done in conformance with the specifications as applied to work of a similar nature.

If the contractor refuses to sign this document, the work listed herein shall be performed on a force account basis.

SUBMITTED BY:

Black Hall Construction, Inc.

BY: 

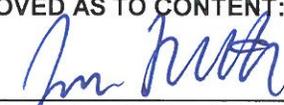
Glenn Black, President

**APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL**

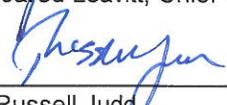
BY: 

Shannon Hochstein
Deputy County Counsel

APPROVED AS TO CONTENT:

BY: 

Jared Leavitt, Chief Operating Officer

BY: 

Russell Judd
Chief Executive Officer

KERN COUNTY HOSPITAL AUTHORITY

BY: _____

Board of Governors - Chairman
"KCHA"



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

January 18, 2017

Subject: Proposed Amendment No. 8 to Agreement 1324502 with Vantage Technology Consulting Group

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

Summary:

Proposed Amendment No. 8 to Agreement 1324502 with Vantage Technology Consulting Group, an independent contractor, for construction management services related to completion of the B wing emergency power project and IDF closet upgrades, increasing the maximum payable by \$49,522, to cover the cost of additional services.

**AMENDMENT NO. 8
TO
AGREEMENT FOR ENGINEERING SERVICES
(Kern County Hospital Authority – Vantage Technology Consulting Group)**

This Amendment No. 8 to the Agreement for Engineering Services is entered into this 18th day of January, 2017 (“Effective Date”), by and between, the KERN COUNTY HOSPITAL AUTHORITY, a local unit of government, which owns and operates Kern Medical Center, (“KCHA”) with its principal location at 1700 Mount Vernon Avenue, Bakersfield, CA 93306, and Vantage Technology Consulting Group (“Consultant”), with its principal place of business located at 201 Continental Blvd., Suite 120, El Segundo, CA 90245.

RECITALS

- A. KCHA and Consultant have entered into an Agreement for Engineering Services (Kern County Agt.# 1324502, dated December 19, 2012), subsequent amendments, and the Assignment of Agreement (Kern County Agt.#757-2016, dated June 21, 2016) (“Agreement”), to provide engineering services; and
- B. The Agreement is set to expire upon project completion; and
- C. KCHA requires additional services from the Consultant and Consultant has agreed to provide such additional services; and
- D. The Parties agree to amend certain terms and conditions of the Agreement; and
- F. The Agreement is amended effective January 18, 2017

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

- Term.** The Agreement shall be extended from _____ until _____, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase from \$369,586.19 to \$419,108.19
- Travel Expenses** payable by KCHA under the Agreement shall increase from \$ _____ to \$ _____.
- Services.** See Exhibit A-8, which is attached hereto and incorporated herein, for additional Services.
- Other.** _____.

Except as otherwise defined herein, all capitalized terms used in this Amendment No. 8 have the meaning set forth in the Agreement.

Except as expressly amended herein, all provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 8 to the Agreement has been executed as of the Effective Date indicated above.

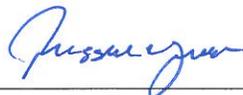
KERN COUNTY HOSPITAL AUTHORITY

VANTAGE TECHNOLOGY CONSULTING GROUP

By _____
Chairman, Board of Governors
"KCHA"
Date: _____

By  _____
Name: PHIL CROMPTON
Title/Position: PRINCIPAL
Date: DEC 20, 2016

APPROVED AS TO CONTENT:
Kern Medical Center

By  _____
Russell Judd
Chief Executive Officer
Date: 1/9/17

By  _____
Jared Leavitt
Chief Operating Officer
Date: 12/22/16

APPROVED AS TO FORM:
Office of County Counsel

By  _____
Deputy
Date: 1/4/17

**EXHIBIT A - 8 TO AMENDMENT NO. 8
SERVICES**

Consultant shall provide services to upgrade rooms 1218 and 3401 to IDF closets.

Payment Schedule:

Consultant shall invoice monthly, for services rendered, during the design phase, in an amount not to exceed \$35,108 during the design phase.

Consultant shall invoice monthly, for services rendered, during the construction phase, in an amount not to exceed \$14,414 during the construction phase.



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

January 18, 2017

Subject: Proposed Resolution authorizing Counsel to contract for expert legal services for claims and litigation management

Recommended Action: Approve; Adopt Resolution

Summary:

The enabling ordinance provides that the Office of County Counsel will provide or arrange for legal services to the authority. On December 13, 2016, the Board of Supervisors amended the enabling ordinance to authorize the authority to provide or arrange for legal counsel and related services. The amended ordinance is effective January 20, 2017.

On occasion the authority requires the assistance of private attorneys to advise your Board, staff, and Counsel for the authority. With the change in the ordinance, the proposed Resolution will authorize Counsel for the authority to contract for legal services on behalf of the authority.

Therefore, it is recommended that your Board adopt the attached Resolution authorizing Counsel for the authority to contract for expert legal services, effective January 20, 2017.

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

In the matter of:

Resolution No. _____

**AUTHORIZING COUNSEL TO CONTRACT
FOR EXPERT LEGAL SERVICES FOR CLAIMS
AND LITIGATION MANAGEMENT**

I, RAQUEL D. FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 18th day of January, 2017, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

RAQUEL D. FORE
Authority Board Coordinator
Kern County Hospital Authority

Raquel D. Fore

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.) provides the Kern County Hospital Authority (“Authority”) shall have the power to “*appoint and employ or otherwise engage a chief executive officer and other officers and employees that may be necessary or appropriate, **including legal counsel**, to establish their compensation, provide for their health, retirement, and other employment benefits, and to define the power and duties of officers and employees.*” (Emphasis added.) (Health & Saf. Code, § 101855(a)(6).); and

(b) On October 6, 2015, the Kern County Board of Supervisors enacted Ordinance No. A-356 that adds Chapter 2.170 to Title 2 of the Ordinance Code of the County of Kern (“Ordinance”) concerning the creation of the Authority. The Ordinance was effective on November 6, 2015; and

(c) Kern County Ordinance Code section 2.170.080, subsection H states: “As provided in a legal services agreement between the County of Kern and the hospital authority and until such time as this chapter is amended by the board of supervisors to provide otherwise, the office of county counsel shall provide or arrange for legal services to the hospital authority, and shall bill the hospital authority accordingly”; and

(d) On December 13, 2016, the Kern County Board of Supervisors enacted Ordinance No. A-360 amending sections 2.170.070 and 2.170.080 of Chapter 2.170 of the Kern County Ordinance Code to authorize the Authority to provide or arrange for legal counsel and related services. The Ordinance is effective January 20, 2017; and

(e) From time-to-time the Authority requires the assistance of private attorneys to advise the Board of Governors, Chief Executive Officer and/or Counsel for the Authority concerning settling, compromising and paying claims, and to represent the Authority in actual or potential litigation concerning such claims and similar matters; and

(f) It is necessary and appropriate that legal services be performed for the Authority with respect to legal matters pertinent to the Authority.

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. Counsel for the Authority is hereby authorized to contract for legal services with qualified private attorneys, experts, consultants, investigators, and other expert services for assistance in the handling of claims and related litigation management, subject to the budget authorized for such purchase.

3. Counsel for the Authority shall report to this Board from time-to-time as is appropriate on the employment of such services or individuals.

4. The provisions of this Resolution shall be effective, in force and operative as of the 20th day of January, 2017.

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

Office of County Counsel
Kern Medical Center



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

January 18, 2017

Subject: Proposed retroactive Amendment No. 4 to Agreement 883-2010 with Quest Diagnostics Clinical Laboratories, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed retroactive Amendment No.4 to Agreement 883-2010 with Quest Diagnostics Clinical Laboratories, Inc., an independent contractor, for clinical laboratory services, extending the term for two years from September 21, 2016 through September 20, 2018, adding an updated price list, and increasing the maximum payable by \$1,800,000, from \$5,440,000 to \$7,240,000, to cover the extended term.

**AMENDMENT NO. 4
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Quest Diagnostics)**

This Amendment No. 4 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2016, by and between the Kern County Hospital Authority, a local unit of government (“KCHA”), which owns and operates Kern Medical Center (“KMC”), and Unilab Corporation d/b/a Quest Diagnostics Clinical Laboratories, Inc., a Delaware corporation (“Quest”).

RECITALS

(a) KCHA and Quest have heretofore entered into an Agreement for Professional Services (Kern County Agt. #883-2010, dated September 21, 2010), Amendment No. 1 (Kern County Agt. #263-2013, dated May 13, 2013), Amendment No. 2 (Kern County Agt. #156-2014, dated March 25, 2014), Amendment No. 3 (Kern County Agt. #013-2015, dated January 12, 2015), and Assignment of Agreement (Kern County Agt. #457-2016, dated April 26, 2016) (hereinafter “Agreement”), for the provision of clinical laboratory services from September 21, 2010 through September 20, 2016; and

(b) The agreement expired on September 20, 2016; and

(c) Quest continues to provide services to the satisfaction of KMC and KMC has a continued need for these services; and

(d) KCHA and Quest agree to amend the agreement to extend the term for an additional two-year period, through September 20, 2018;

(e) Quest has submitted a new price list for its services that needs to be incorporated into the agreement; and

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

(g) KCHA and Quest wish to (1) retroactively renew the Agreement, (2) add the new price list to the Agreement and (3) increase the maximum payable by \$1,800,000, from \$5,440,000 to \$7,240,000, to cover the extended term and increased rates; and

(g) The Agreement is amended effective September 21, 2016.

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

1. Section 2, Compensation to Contractor, is shall be amended as follows:

“KCHA shall compensate Contractor on a per test basis at the rate set forth in Exhibit “B” for the period of September 21, 2010 through September 20, 2013;

“Revised Exhibit B to Amendment 2” for the period of September 21, 2013 through September 20, 2016; and Exhibit “B-4,” which is attached and incorporated herein by reference, for the remaining term.”

2. Section 2, Compensation to Contractor, subsection 2.2 shall be deleted in its entirety and replaced with the following:

“2.2 The maximum annual amount payable under this Agreement shall not exceed Nine Hundred Thousand dollars (\$900,000) per year and shall not exceed Seven Million Two Hundred Forty Thousand dollars (\$7,240,000) over the entire term of this Agreement.”

3. Section 3, Term, shall be amended as follows:

“3. Term. This agreement shall be deemed in force as of September 21, 2010 and shall remain in effect through September 20, 2018 unless sooner terminated as hereinafter provided.”

4. Exhibit B-4

The updated Fee Schedule, referred to as Exhibit “B-4” is added to the Agreement and incorporated herein by this reference.

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

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

7. 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 WHEREOF, the parties hereto have executed this Amendment No. 4 as of the day and year first written above.

KERN COUNTY HOSPITAL AUTHORITY

QUEST DIAGNOSTICS CLINICAL
LABORATORIES, INC.

By _____
Chairman
Board of Governors

By 
Rob Moverley (Print Name)
1.4.17 (Title)

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By  
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By 
Deputy

Exhibit "B-4"

93305991 KERN MEDICAL CENTER/CPU 2		CPT	CLIENT
TEST CODE	DESCRIPTION	CODE(S)	PRICE
11361	CHLAMYDIA RNA, TMA	87491	\$ 25.00
11362	GC RNA, TMA	87591	\$ 25.00
CYIM1	CYTYC PAP & RVW	88175	\$ 28.00
249	ANA W/RFX	86038	\$ 5.54
599	LEAD, (B)	83655	\$ 5.69
90887	HPV RNA HR E6/E7 TMA	87624	\$ 38.80
91431	HIV1/2 AG/AB,4 W/RFL	87389	\$ 16.44
255	ANTI-DSDNA AB, EIA	86225	\$ 7.76
35645	HCV RNA BY PCR,QT	87522	\$ 55.98
8475	HEP B SURFACE AB QN	86317	\$ 5.00
11173	CCP AB IGG	86200	\$ 7.10
351	COMPLEMENT C3C	86160	\$ 7.00
353	COMPLEMENT C4C	86160	\$ 7.00
7448	SM & SM/RNP ABS	86235 (2)	\$ 16.88
7832	SJOGREN'S ANTIBODIES	86235 (2)	\$ 16.02
36209	ANA TITER&PATTERN	86039	\$ 6.79
4942	SCL-70	86235	\$ 12.25
16088	CENTROMERE AB, EIA	86038	\$ 11.02
501	HEP B CORE AB, TOTAL	86704	\$ 7.76
5819	CA 15-3	86300	\$ 12.00
40085	HIV-1 RNA,QN,RT PCR	87536	\$ 75.00
4439	VZV IGG AB	86787	\$ 4.00
7924	LYMPH SUBSET PNL 4	86360	\$ 24.00
482	GGT	82977	\$ 2.50
34429	T-3, FREE	84481	\$ 6.79
34882	FLUCONAZOLE S		\$ 12.96
29256	CA125	86304	\$ 8.00
618	COMPLEMENT, (CH50)	86162	\$ 8.97
RLB1	PATH REVIEW, LIQ PAP		\$ 12.40
891	TRANSFERRIN	84466	\$ 6.79
7079	LUPUS ANTICOAG W/RFL	5613, 8573	\$ 8.00
508	HEP A AB, TOTAL	86708	\$ 4.19
4662	CARDIOLIPIN IGG AB	86147	\$ 5.28
4663	CARDIOLIPIN IGM AB	86147	\$ 5.28
4661	CARDIOLIPIN IGA AB	86147	\$ 5.28
91664	C DIFF TOXIN W/REFL	7324, 8744	\$ 10.27
17733	T4, TOTAL	84436	\$ 5.20
681	OVA AND PARASITE	7177, 8720	\$ 8.75
539	IMMUNOGLOBULIN A	82784	\$ 4.75
5081	THYROID PEROXID AB	86376	\$ 8.36
467	FOLATE, RBC	82747	\$ 5.82
747	PROTEIN ELECTRO.	4155, 8416	\$ 7.83

36170	TESTOSTERONE, FR&TOT	4402, 8440	\$	18.00
4698	CA 19-9 (CENTOCOR)	86301	\$	11.00
34838	H.PYLORI AG STOOL	87338	\$	15.90
852	BETA-2-MICROGLOBULIN	82232	\$	9.70
363	COPPER	82525	\$	11.99
37811	HCV GENOTYPE LIPA(R)	87902	\$	125.00
859	T-3, TOTAL	84480	\$	8.73
528	HLA-B27 ANTIGEN	86812	\$	13.70
545	IMMUNOGLOBULIN M	82784	\$	4.75
543	IMMUNOGLOBULIN G	82784	\$	4.75
CYTP1	CYTYC PAP	88142	\$	22.40
36554	B2-GLYCO I(IGG)	86146	\$	10.00
36553	B2-GLYCO I(IGM)	86146	\$	10.00
36552	B2-GLYCO I(IGA)	86146	\$	10.00
15142	LEVETIRACETAM	80177	\$	19.57
263	SMOOTH MUSC RFX/TIT	86255	\$	8.69
8796	MYELOPEROXIDASE AB	86021	\$	10.00
15111	DRVVT CONFIRM	85597	\$	12.00
90353	VITAMIN B1,LCMSMS,P	84425	\$	27.00
502	HAPTOGLOBIN	83010	\$	8.73
34151	PROTEINASE-3 AB	86021	\$	15.00
16500	HE4 OVARIAN CANCER	86305	\$	23.85
4021	ESTRADIOL	82670	\$	15.52
19574	VORICONAZOLE LEVEL		\$	65.97
16480	POSACONAZOLE, HPLC		\$	65.06
549	IMMUNOFIXATION, SERUM	86334	\$	19.92
326	CERULOPLASMIN	82390	\$	6.79
235	A-1-ANTITRYPSIN QN	82103	\$	9.61
372	C-PEPTIDE	84681	\$	27.61
267	THYROGLOBULIN AB	86800	\$	5.82
36126	RPR(DX)REFL FTA	86592	\$	4.59
945	ZINC (P)	84630	\$	9.34
30278	THYROGLOBULIN QT	4432, 8680	\$	13.16
259	MITOCHONDRIAL W/REFL	86255	\$	7.61
542	IMMUNOGLOBULIN E	82785	\$	8.00
11073	TTG IGG,IGA	83516 (2)	\$	20.54
11196	CRYP.AG L.A. W/TITER	86403	\$	16.14
4112	FTA-ABS	86780	\$	7.24
34311	HTLV I/II	86790	\$	14.25
211	ACTH	82024	\$	10.00
34878	GAD-65 AB	86341	\$	14.94
403	CMV IGG AB	86644	\$	7.82
36573	LUPUS ANTICOAG HEX	85598	\$	14.86
873	TESTOSTERONE,MALE,IA	84403	\$	7.00
11228	GLIADIN IGA	83516	\$	10.27
1779	PROTEIN S, ACTIVITY	85306	\$	20.98
11212	GLIADIN AB IGG	83516	\$	10.27

1777	PROTEIN C, ACTIVITY	85303	\$	15.00
8525	PROTEIN ELECTRO.	0, 84156, 8	\$	17.24
34973	ITRACONAZOLE,HPLC		\$	63.70
402	DHEA-SULFATE	82627	\$	7.20
2692	HSV CULT	87255	\$	11.71
19791	DRVVT 1:1 MIX	85613	\$	10.58
30260	STONE ANALYSIS	82365	\$	16.27
16377	CLOSTRIDIUM DIF TBR QL	87493	\$	40.22
8503	CMV IGM AB	86645	\$	11.00
16846	PRA LC/MS/MS	84244	\$	38.01
30551	TSIG	84445	\$	35.00
92156	RPR(MONITOR)(REFL)	86592	\$	4.59
92079	HPV HR	87624	\$	60.00
683	ANGIOTENSIN CONV ENZ	82164	\$	8.00
36203	RPR TITER	86593	\$	2.42
31789	HOMOCYSTEINE	83090	\$	7.52
6447	HSV 1/2 HERPESELECT	6695, 8669	\$	6.66
15983	TESTOSTERONE,T,LC/MS	84403	\$	7.79
4128	VDRL, CSF	86592	\$	4.56
35489	*HEMOGLOBINOPATHY	5014, 8501	\$	24.50
34949	HIV-1 GENOTYPE	7900, 8790	\$	250.00
38529	HGB INDICES	4, 85018, 8	\$	4.60
17181	ALDOSTERONE,LC/MS/MS	82088	\$	12.00
3679	TOXO IGG AB	86777	\$	11.62
10600	CMV DNA QN, PCR	87497 (2)	\$	55.63
34257	HSV TYPE 1 & 2, PCR	87529	\$	77.60
8369	HBV DNA QUANT	87517	\$	66.60
31348	PSA FREE & TOTAL	4153, 8415	\$	10.00
90488	CARISOPRODOL SCREEN	80302	\$	60.00
17900	FACTOR V (LEIDEN)	81241	\$	29.21
34478	PTH-RELATED PROTEIN	83519	\$	14.94
6421	EBV AB PANEL	664, 86665	\$	28.85
8812	CYCLOSP TR FPIA	80158	\$	20.59
7211	ALLERGY 10, SW	86003 (10)	\$	57.80
90849	HSV1/2 IGM, W/RFL	6695, 8669	\$	35.98
8401	HIV-1 DNA QUAL PCR	87535	\$	38.80
91119	P210 BCR ABL1	81206	\$	26.42
91065	BCR ABL1 GENE QN PCR	81206	\$	73.26
16293	IGF I, ECL	84305	\$	18.90
16796	CALPROTECTIN,STOOL	83993	\$	53.42
216	ANTITHROMBIN III ACT	85300	\$	12.61
94097	FLUCONAZOLE,LC/MS/MS	80299	\$	12.96
16086	INFLU A&B RNA,QL	87502	\$	64.88
17180	17-OHPROGEST.LC/MSMS	83498	\$	14.43
8856	LEGIONELLA AG (U)	87449	\$	15.34
19546	BILE ACIDS,FRAC/TOT,PREG	82542	\$	19.97
19774	HLA-B*5701 TYPING	81381	\$	73.26

16868	HIV1 INTEGRASE	87906	\$	250.00
11363	CHLAMYDIA/GC RNA,TMA	7491, 8759	\$	50.00
500	G-6-PD (B)	82955	\$	6.67
883	THROMBIN TIME	85670	\$	26.09
213	IMMUNOFIX, UR	86335	\$	27.53
30277	M TUBER, PCR	87556	\$	54.94
19548	METANEPHRINES,FRACT	83835	\$	29.72
91118	P190 BCR ABL1	81207	\$	26.42
16175	JAK2 MUT, QN,PLASMA	81270	\$	257.00
36206	SMOOTH MUSCL TITER	86256	\$	6.25
11280	CORTISOL, FREE 24HR	82530	\$	11.64
36562	CRYOGLOBULIN,%CRYO	82595	\$	6.76
17909	PROTHROMBIN GENE	81240	\$	47.00
14628	ALPHA-1-ANTITRYPSIN	82103	\$	14.85
10294	ASCA IGG	86671	\$	13.56
70007	TACROLIMUS, LC/MS/MS	80197	\$	117.20
5428	IGG SUBCLASS 4	82787	\$	8.87
8946	PARVO B19 IGG/IGM	86747 (2)	\$	24.13
37207	TOXO IGM EIA	86778	\$	11.62
964	MEASLES AB IGG,EIA	86765	\$	3.38
674	OLIGOCLONAL BANDING	83916	\$	26.42
347	FACTOR VIII ACT CLOT	85240	\$	21.84
4919	VON WILLEBRAND AG	85246	\$	25.38
11198	CRYPTOCOCCUS AG,TITR	86406	\$	71.00
3967	FECAL FAT, QUAL	82705	\$	12.96
561	INSULIN	83525	\$	7.00
15038	LKM-1 ANTIBODY(IGG)	86376	\$	34.17
7558	IGG SYNTHESIS/INDEX	82042, 82	\$	17.69
36597	WEST NILE VIRUS CSF	6788, 8678	\$	34.92
17654	17-HYDRXPROG NEO/INF	83498	\$	14.43
17183	PROGESTERONE,LC/MSMS	84144	\$	8.00
555	HEP BE AG	87350	\$	16.73
556	HEP BE AB	86707	\$	16.73
6646	LYME AB-WB CONFIRM	86618	\$	8.50
921	VITAMIN A	84590	\$	15.73
318	CATECHOLAMINES, FRAC	82384	\$	28.91
14962	METANPH.24 HR URINE	83835	\$	16.88
2128	ALCOHOL, ETHANOL (U)	*ERROR*	\$	80.86
16807	INFLUENZA A H1N1(SWINE)	87502	\$	77.60
21130	M. PNEUM IGM AB	86738	\$	10.85
16843	CHROMOSOME STUDY,NB	8230, 8826	\$	261.20
36596	WEST NILE VIRUS,(S)	6788, 8678	\$	34.92
659	M PNEUMO IGG AB	86738	\$	9.27
11321	URIC ACID W/O CREAT 24H U	84560	\$	4.76
499	HEP B SURF AB QL	86706	\$	13.12
11315	CITRIC ACID W/O CREAT 24H	82507	\$	10.00
16379	CHROMOGRANIN A, ECL	86316	\$	34.93

8418	METHADONE, GC/MS (U)	80358	\$	75.00
663	MYELIN BASIC PROTEIN	83873	\$	17.42
871	MYCO/UREA CULT.	87109	\$	82.72
689	CULTURE, VIRUS	87252	\$	29.53
265	ASO	86060	\$	5.66
10655	ALLERGY PNL REG 13	'85, 86003	\$	152.50
15082	ENTEROVIRUS RNA, RT-PCR	87498	\$	76.52
227	ALDOLASE	82085	\$	5.97
257	GBM ANTIBODY	83520	\$	14.31
414	HEP INDUCED PLAT AB	86022	\$	34.46
931	VITAMIN E	84446	\$	15.73
94096	VORICONAZOLE,LCMSMS	80299	\$	65.97
14627	SEROTONIN REL. ASSAY	86022	\$	36.76
34879	METHYLMALONIC ACID	83921	\$	13.85
801	ETHYLENE GLYCOL	82693	\$	14.82
690	CULT, CHLAMYDIA	7110, 8714	\$	25.59
11318	OXALIC ACID W/O CREAT 24H	83945	\$	12.82
10715	ADULT FOOD ALLERGY PROF	86003 (15)	\$	86.70
29407	H.PYLORI IGG AB		\$	10.00
91432	HIV 1/2 AB DIFF	6701, 8670	\$	48.18
825	SICKLE CELL SCREEN	85660	\$	5.05
643	ALCOHOL, METHYL (B)	80320	\$	11.11
861	T-3 UPTAKE	84479	\$	3.43
498	HEP B SURF AG W/CONF	87340	\$	6.25
14596	CHROMOSOME, BLOOD	8230, 8826	\$	296.77
17696	ADENOSINE DEAMINASE, PLEU	84311	\$	7.60
16288	PLATELET AB SCR(INDIRECT)	86022 (4)	\$	176.73
14950	ASPERGILLUS ANTIGEN	87305	\$	39.59
14693	ELASTASE EL1, STOOL	82656	\$	45.25
496	HEMOGLOBIN A1C	83036	\$	4.80
297	C1 INHIBITOR, FUNCT	86161	\$	18.66
521	HGH	83003	\$	7.76
671	NUCLEOTIDASE, 5'	83915	\$	42.42
1769	CLOZAPINE (CLOZARIL)	80159	\$	15.28
4668	BILE ACIDS,FRAC/TOT	82542	\$	19.95
11365	B.PER/PARA RT-PCR	87798 (2)	\$	77.60
30298	MTB COMPLEX PCR RESP	87556	\$	54.94
94092	ITRACONAZOLE,LCMSMS	80299	\$	63.70
94010	POSACONAZOLE,LCMSMS	80299	\$	65.06
1304	PH, FECES	83986	\$	12.99
10295	ASCA IGA	86671	\$	53.16
8511	HTLV-I/II WEST BLOT	86689	\$	71.93
70171	ANCA SC W/RFL TITER	86021	\$	60.00
91002	**METHYLMALONIC ACID		\$	13.85
39722	MISC-ORDER			#N/A
512	HEP A IGM AB	86709	\$	7.76
231	ALK PHOS ISOENZYMES	4075, 8408	\$	19.90

8472	HEP C AB W/REFL HCV	86803	\$	6.00
11322	MAGNESIUM 24HR W/O CREAT.	83735	\$	10.53
4848	HEP B CORE IGM AB	86705	\$	7.76
578	ALCOHOL, ISOPROPYL	80320	\$	11.11
17911	MTHFR, DNA MUTATION	81291	\$	83.81
760	PROINSULIN	84206	\$	19.70
30509	VDRL, SERUM	86592	\$	4.10
478	GASTRIN	82941	\$	11.64
22060	LAMOTRIGINE	80175	\$	10.54
14506	ENDOMYSIAL IGA AB	86255	\$	10.00
11234	KAPPA/LAMBDA W/RATIO	83883 (2)	\$	70.60
8593	LYME DIS IGG/IGM WBA	86617 (2)	\$	20.11
8624	MUMPS VIRUS IGG, EIA	86735	\$	8.73
34327	PLT CIRCU. AB	86022 (3)	\$	215.00
30965	TOPIRAMATE	80201	\$	13.18
802	RUBELLA IMMUNE	86762	\$	29.97
16558	VITAMIN D,1,25	82652	\$	19.11
11188	PROBNP	83880	\$	52.71
8459	CREATININE RAND (U)	82570	\$	2.50
91031	SOLUBLE TRANSFERRIN	84238	\$	46.48
91133	HSV 2 IGM TITER	86696	\$	42.93
1AI	ORG ID 1	0, 87143, 8	\$	12.48
36205	MITOCHONDRIAL TITER	86256	\$	13.33
10947	CYSTINE QN 24 HR	82131	\$	39.40
16185	HIV 1 RNA, QL TMA	87535	\$	250.00
8396	HCG, TOTAL, QN	84702	\$	6.79
30740	SHBG	84270	\$	15.49
34604	LIPOPROTEIN (A)	83695	\$	14.47
37477	COXSACKIE A AB	86658 (6)	\$	26.00
37503	TYPHUS IGG AND IGM	86757 (2)	\$	25.76
90376	ASPERGILLUS EIA, BAL	87305	\$	39.59
34283	RIBOSOMAL P AB	83516	\$	10.27
103840	S.PNEUMONIAE AG,LA	86403	\$	38.55
15043	ACTIN ANTIBODY (IGG)	83516	\$	8.88
90382	AQP4 (NMO IGG)	83516	\$	382.20
90642	NICOTINE/COTININE SP	80323	\$	59.00
423	AMITRIPTYLINE	80335	\$	19.97
929	VITAMIN C, LC/MS/MS	82180	\$	25.68
8435	HCG TOTAL QL	84703	\$	43.42
206	ACHR BINDING AB	83519	\$	27.01
981	COMPLEMENT COMP C1Q	86160	\$	45.78
6652	OVA & PARASITE X3	17 (3), 8720	\$	26.25
5738	TBII-THYRO. BIND. IG	83519	\$	14.94
8658	ALPHA SUBUNIT	82397	\$	14.94
11319	PHOSPHATE W/O CREAT 24H U	84105	\$	9.83
427	ERYTHROPOIETIN	82668	\$	18.43
623	MAGNESIUM, RBC	83735	\$	35.67

439	ESTROGEN, TOTAL (S)	82672	\$	13.38
926	VITAMIN B6	84207	\$	15.32
2649	HSV CULT W/TYPING	87255	\$	12.14
5042	VITAMIN B1,THIAMINE	84425	\$	67.50
15061	KAPPA LIGHT CHAIN,FREE	83883	\$	31.13
10718	CAMPYLOBACTER,ELISA	86625	\$	75.00
19493	VZV DNA QN PCR	87799	\$	50.60
34692	ANGIOTENSIN CONV	82164	\$	10.80
36565	MUMPS V AB(IGM)	86735	\$	12.89
90567	DIHYDROTESTOSTERONE	80327	\$	102.66
6653	OVA & PARASITE X2	'7 (2), 8720	\$	17.50
7656	COXSACKIE B (1-6) AB	86658 (6)	\$	20.00
10062	ANTIPHOSPHATIDYLSER	86148 (3)	\$	213.00
14978	HYPERSEN, PNEUM, SCR	. 86606, 861	\$	44.20
15435	IMMUNE CELL FUNCTION	86352	\$	275.00
14867	VIRAL RESP CUL W/RFL	87254	\$	180.00
14966	TESTOSTERONE,F&T&BIO	0, 84270, 8	\$	36.70
16842	ANTI-MULLERIAN	83520	\$	14.40
19724	PARVOVIRUS B19 DNA,QN PCR	87799	\$	77.09
10186	EBV DNA QT. PCR	87799	\$	61.71
17825	BORD.PERT.IGG/IGA	86615 (4)	\$	175.00
34184	NK CELL FUNCTION	184, 88185	\$	70.00
34451	TOXO GONDII DNA PCR	87798	\$	57.50
34458	IGFBP-3	83519	\$	14.94
26474	ACHR MODULATING AB	83519	\$	113.35
29391	DEXAMETHASONE	80299	\$	85.60
30742	CALCITONIN	82308	\$	17.46
91307	ECHINOCOCCUS AB IGG	86682	\$	21.89
37472	TYPHUS IGG TITER	86757	\$	12.50
37852	ZONISAMIDE	80203	\$	99.00
90897	FANCONI ANEMIA DNA	81242	\$	205.00
90963	RT3 BY LC/MS/MS	84482	\$	16.61
91184	HIAA, 5 (U)	83497	\$	19.63
91269	COPPER (U)	82525	\$	39.78
34880	LYME IGG & IGM, CSF		\$	12.96
5341	**PLATELET AB INDIRECT		\$	23.02
36741	ISLET CELL RFX TITER	86341 (2)	\$	18.43
37088	NKC	86357	\$	37.94
40049	PROLACTIN W/DILUTION	84146 (2)	\$	60.12
92074	CALR	81219	\$	461.71
14590	CHROM STUDY, AF	5, 88269, 8	\$	284.68
19826	COENZYME Q10	82542	\$	56.00
34459	ACHR BLOCKING	83519	\$	93.19
36585	VITAMIN K, PLASMA	84597	\$	31.64
38568	SS A RO AB(IGG)EIA	86235	\$	29.43
38569	SJOGRENS AB (SS-B)	86235	\$	29.43



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

January 18, 2017

Subject: Proposed Amendment No. 3 to Agreement 682-2011 with Orange Health Solutions, Inc. doing business as Citra health Solutions

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed Amendment No. 3 to Agreement 682-2011 with Orange Health Solutions, Inc., doing business as Citra Health Solutions, an independent contractor, for EZ-CAP software and maintenance, extending the term for five years from February 1, 2017 through January 31, 2022, and increasing the maximum payable by \$294,000, from \$239,276 to \$533,276, to cover the extended term.

Amendment No. 3 to Master Services Agreement

This Amendment No. 3 to Master Services Agreement (this “Amendment”) is entered by and between Orange Health Solutions, Inc. DBA Citra Health Solutions (“Citra”), and the Kern County Hospital Authority (“Licensee”), whom may be referred to collectively as the “Parties”.

This Amendment No. 3 is entered in consideration for the agreements herein below, and other good and valuable consideration, the receipt of which is hereby acknowledged.

WHEREAS, the Parties entered into that certain Master Services Agreement, dated September 12, 2011, Amendment No. 1, dated June 8, 2015, Amendment No. 2, dated July 28, 2015, and assignment of Agreement and Amendments dated April 26, 2016, (the “Agreement”) wherein the Software Maintenance Period expires January 31, 2017.

WHEREAS, the Parties desire to amend the Software License Fee and Monthly Minimum Subscription Fee listed in Section I. A of Order Form A to the Agreement.

WHEREAS, the Parties desire to renew the term of the Software Maintenance Period in Order Form A to the Agreement.

WHEREAS, the Agreement is amended effective February 1, 2017.

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

1. Section 1. A of the Order Form A to the Agreement is hereby deleted and replaced in its entirety by the following:

A. Software License Fee

EZ-CAP Core Solution with Electronic Transactions (EZ-EDI)	\$1.100 PMPM
EZ-NET Provider Portal	\$0.235 PMPM
Less Current Customer Discount	(\$0.355)
Total	\$0.98 PMPM
Monthly Minimum Subscription Fee	\$4,900
Five Year PMPM Term License	

Monthly Subscription Fee. The monthly subscription fee for the Software is calculated Per Member Per Month (“PMPM”) and the period for which such fees are due shall correspond with the Software Maintenance Period. The estimated monthly processing fee based on total active Members for the previous month will be prepaid for each month of service. A Monthly Minimum Subscription Fee of **\$4,900** will be billed to Licensee regardless of membership size. Licensee will provide to Citra sufficient quarter-end reports that accurately show Licensee’s membership.

Monthly Subscription Fees commence with the Software Maintenance Period and continue through completion of the then current period. Citra reserves the right to increase the PMPM rate at time of

renewal. Upon expiration or non-renewal of the Software Maintenance Period, the license shall terminate.

2. Section B. (1) of the Order Form A to the Agreement is added and incorporated herein by this reference,

“1. This Order Form A has been amended to renew the Software Maintenance Period for an additional five (5) year period, beginning February 1, 2017 and terminating, unless earlier terminated pursuant to other provisions of this Agreement as herein stated, on January 31, 2022.

3. All other terms, provisions, clauses, paragraphs and sections of the Agreement, are not amended by this Amendment, and therefore shall remain in full force and effect as set forth in the Agreement.

4. This Amendment may be executed in counterparts, and via traditional, electronic or digital signature. Copies of this fully executed Amendment shall be deemed originals for all purposes. This Amendment shall be deemed effective on the date it is fully executed by the Parties.

WHEREFORE, the Parties have executed this Amendment as of the dates set forth herein below.

Kern County Hospital Authority

Orange Health Solutions, Inc. DBA Citra Health Solutions

X: _____
By: _____
Its: _____
Date: _____

X: _____
By: _____
Its: _____
Date: _____

Approved As Content:
Kern Medical Center

X: _____
By: _____
Its: _____
Date: _____

Approved As Form:
Office of County Counsel

X: _____
By: _____
Its: _____
Date: _____



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

January 18, 2017

Subject: Proposed retroactive Amendment No. 2 to Agreement 358-2015 with Mercer (US) Inc.

Recommended Action: Approve; Authorize Chairman to sign Amendment; Authorize Counsel to sign Statement of Work

Summary:

Kern Medical requests your Board retroactively approve Amendment No. 2 to Agreement 358-2015 with Mercer (US) Inc. Kern Medical contracts with Mercer to provide human resources consulting services. The proposed Amendment incorporates a new statement of work that allows for the development of executive performance metrics and related compensation strategies, and increases the maximum payable by \$80,000, to cover the cost of the additional services. The Amendment is retroactive to December 23, 2016, when Mercer was first contacted regarding the need for the additional work.

Therefore, it is recommended that your Board retroactively approve Amendment No. 2 to Agreement 358-2015 with Mercer (US) Inc., authorize Counsel to sign the statement of work, and authorize the Chairman to sign the Amendment.

**AMENDMENT NO. 2 TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Mercer (US) Inc.)**

This Amendment No. 2 to the Services Agreement (“Amendment No. 2”) is entered into this 11 day of JANUARY, 2016, by and between the Kern County Hospital Authority, a local unit of government (“KCHA”), which owns and operates Kern Medical Center (“KMC”), and Mercer (US) Inc. (“Contractor”), a Delaware corporation, with offices located at 777 South Figueroa Street, Suite 2400, Los Angeles, California 90017.

RECITALS

A. Contractor and KCHA have heretofore entered into a Services Agreement (Kern County Agt. #358-2015, dated June 8, 2015), Assignment of Agreement (Kern County Agt. #291-2016, dated March 1, 2016), and Amendment No. 1 (KCHA Agt. 2016-078, dated November 16, 2016) (“Agreement”), for the period of June 9, 2015 through June 8, 2018, to provide special services to KMC as such services are unavailable from KCHA resources; and

B. Additional services are required by KMC; and

C. Contractor has agreed to provide the additional 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 23, 2016;

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 2.1.2 shall be made part of the agreement as follows:

“2.1.2 **Statement of Work (“SOW”) – Management Short-term Incentive Plan Consulting Support.** With respect to human resources services, the terms set forth in Exhibit “A-3”, attached hereto and incorporated herein by this reference shall apply.”

3. Section 4.1, Fee and Charges shall be deleted in its entirety and superseded by the following:

“4.1 **Fees and Charges.** As consideration for the services provided by Contractor hereunder, KCHA will pay Contractor in accordance with the fee schedule set forth in

Exhibit “B”, “B-1” and “B-2” attached hereto and incorporated herein by this reference. All services are payable in arrears.”

4. Section 4.4 Maximum Payable shall be deleted in its entirety and superseded by the following:

“4.4 Maximum Payable. The maximum payable under this Agreement will not exceed \$600,000 over the three-year term of this Agreement, unless otherwise mutually agreed to in writing.

5. Exhibit A-3

Exhibit A-3, Statement of Work (“SOW”) – Management Short-term Incentive Plan Consulting Support, to Amendment No. 2 is added to the Agreement and incorporated herein by this reference.

6. Exhibit B-2

Exhibit B-2, Fee Schedule for Statement of Work (“SOW”) – Management Short-term Incentive Plan Consulting Support, to Amendment No. 2 is added to the Agreement and incorporated herein by this reference.

7. Except as otherwise defined herein, all capitalized terms used in this Amendment No. 2 have the meaning set forth in the Agreement.

8. This Amendment No. 2 shall be governed by and construed in accordance with the laws of the state of California.

9. This Amendment No. 2 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.

10. 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. 2 as of the day and year first written above.

KERN COUNTY HOSPITAL AUTHORITY

MERCER (US) INC.

By _____
Chairman
Board of Governors

By 
Printed Name: JONATHAN GORDIK
Title/Position: PRINCIPAL

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By _____
Karen S. Barnes
Chief Deputy County Counsel

EXHIBIT A-3



Jonathan Gordin
Principal

777 South Figueroa Street, Suite 2400
Los Angeles, CA 90017
213 346 2333
jonathan.gordin@mercer.com
www.mercer.com

Karen Barnes
General Counsel
Kern Medical
1700 Mt. Vernon Avenue
Bakersfield, CA 93306

January 4, 2017

Subject: Statement of Work ("SOW") – Management Short-term Incentive Plan Consulting Support

Dear Karen:

We are pleased to have the opportunity to continue our work with Kern Medical ("Kern Medical" or "Kern"). The objective of this Statement of Work ("SOW") is to confirm the scope of our work and outline fees for our Management STI Plan Consulting Support engagement. This SOW is subject to the terms and conditions contained in the existing engagement letter with us and/or our Affiliate(s) dated June 8, 2015.

Project Details

1. **Project name:** Management Short-term Incentive Plan Consulting Support
2. **Description of Mercer responsibilities:** Mercer will provide consulting support to the Board in providing feedback on the performance award and guidance on the go-forward design. Mercer will provide support ranging from strategic guidance, gap analysis to market best practice, and presentation of findings. A full list of work steps is listed here:
 - A. **Launch Project**
 - i. Conduct kickoff call
 - ii. Confirm project team / roles, timing work steps and governance process
 - B. **Review Current State**
 - i. Review documentation of current performance award structure, historical performance and payout
 - ii. Review documentation of Kern Medical's organizational strategy and direction
 - iii. If necessary, conduct call to review preliminary observations and clarify any questions about current state
 - C. **Prepare for and Attend Board Meeting**
 - i. As necessary, gather market data and trends on healthcare executive STI best practices and typical design with a focus on performance metrics, weightings and goal-setting guidelines
 - ii. Create document summarizing findings and recommendations

Page 2
January 4, 2017
Karen Barnes
Kern Medical

- iii. Present draft to Kern Medical working team (General Counsel and others as requested)
 - iv. Revise draft and provide to Kern Medical for inclusion in materials being sent by Jan. 13 for Jan. 18 Board of Governors meeting
 - v. Participate in Jan. 18 meeting to present findings (Stephen Pollack will attend by phone and Joe Ziomek will attend in person)
 - vi. Participate in debrief call to understand outcomes of Jan. 18 meeting and discuss next steps
- D. Additional calls, research and deliverables would be out of scope of this SOW and quoted separately
3. **Description of client responsibilities:** Respond to requests for information, scheduling and feedback in a timely and accurate manner. Provide all requested data by Dec. 31, 2016. Be available to participate in calls and provide feedback as requested by Mercer. Please note that Mercer insights and recommendations will be based on the data, analysis and information provided by Kern Medical and its brokers/partners. Mercer is not responsible for the accuracy of the data received.
 4. **Period of time over which work will be performed:** Mercer is prepared to start immediately upon receiving a signed copy of the SOW. We understand that you would like the results of our study to be available for discussion at the meeting scheduled for Jan. 18, and are available to meet this time frame. Mercer will remain available for additional follow-up questions through June 30, 2017.
 5. **Compensation/fees:** Please refer to Fees section below.

Global Business Standards

Mercer adopted Global Business Standards to manage actual or perceived conflicts of interest and preserve the integrity of our advice (see Exhibit A).

Relationship with Board and Management

Mercer is being retained by the Board to provide advice and counsel to the Board as specified in this SOW. In our capacity as consultants to the Board, we will report directly to the Board chair and the Board will approve the scope of our work and our fees. Although it is essential that our executive rewards consultant's primary relationship be with the Board, we believe we can best meet our commitments to the Board by working with the Company's management as well, in this case the General Counsel only. By working for the Board while working with the General Counsel, we ensure that our advice and recommendations reinforce the Company's business strategy, economics, organization and management style.

Page 3
January 4, 2017
Karen Barnes
Kern Medical

In order for Mercer to provide effective advice to the Board as described above, we intend to involve the General Counsel as follows, unless we receive instructions from you to do otherwise:

- Mercer may interview the General Counsel in order to learn business and HR strategy as well as the Company's culture, philosophy and practices, all of which provide necessary context for the evaluation, design and implementation of executive remuneration programs.
- Mercer will request that the General Counsel provide compensation and benefits data along with financial projections and other relevant operational data that is not otherwise readily available from public sources.
- Mercer will work with the General Counsel to ensure we understand the scope of the various executive jobs so that our benchmarking is accurate.
- With approval of the Board chair, we will check our factual and data analyses with the General Counsel to ensure that they are accurate.
- We will review a draft report with the General Counsel. This enables each of us to surface any issues, identify any areas where further research or analysis may need to be completed, discuss any changes to the compensation program and perhaps refine recommendations before finalizing the report for the Board presentation.

Instructions; Provision of Information and Assistance

You will provide, or cause us to be provided, all necessary and reasonably requested information, direction and cooperation to enable us to provide the Services, and any direction shall be effective if received (whether verbally or in writing) from a person known to us or reasonably believed by us to be authorized to act on your behalf. You agree that we shall use all information and data supplied by you or on your behalf without independently verifying the accuracy, completeness or timeliness of it. We will not be responsible for any delays or liability arising from missing, delayed, incomplete, inaccurate or outdated information and data, or if you do not provide adequate access to employees of the Company and other persons (including third parties such as advisors), agents or other representatives necessary for us to perform the Services. We will be entitled to charge you in respect of any additional work carried out as a result.

Our primary contact for data and information at the Company will be Karen Barnes or her designee. In order to complete this project we may need compensation and benefits data on the covered executives. We will forward an electronic data request under separate cover to Karen Barnes to obtain this information.

Page 4
January 4, 2017
Karen Barnes
Kern Medical

Fee Structure

Mercer's compensation for the services will be professional fees in the amount of \$18,000 - \$22,000. In addition to such compensation, Mercer also bills for necessary travel and other expenses related to the services requested, though we expect these costs be minimal.

Subcontractors

We may need to utilize various subcontractors ("Subcontractors") in the course of our provision of the Services to assist us in such tasks as printing and mailing, development of interactive tools, graphic design, etc. You consent to our use of the Subcontractors and further acknowledge and agree that we may provide such Subcontractors with your Confidential Information, including Work, on a confidential and a need to know basis for the purposes contemplated by this SOW.

[The remainder of this page has been left blank intentionally]

Page 5
January 4, 2017
Karen Barnes
Kern Medical

Karen, we look forward to working with you on this engagement. If this does meet all of your needs, please acknowledge your agreement to the terms contained herein by signing below.

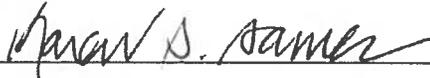
Mercer (US) Inc.

By: 

Name: Jonathan Gordin Date: January 4, 2017
(Please Print)

Title: Principal

**ACCEPTED AND AGREED
Kern Medical**

By: 

Name: Karen Barnes Date: 4 Jan 17
(Please Print)

Title: General Counsel

Copy: Stephen Pollack, Partner
Nihar Shah, Partner
Joe Ziomek, Principal

Page 6
January 4, 2017
Karen Barnes
Kern Medical

Exhibit A

Global Business Standards for Executive Rewards

Mercer is committed to providing objective advice to all of our clients. Ensuring the objectivity of consulting advice on executive rewards is a corporate governance issue around the globe and is critical to our role as a trusted advisor to our clients. Accordingly, Mercer has adopted these Global Business Standards for Executive Rewards to manage actual or perceived conflicts of interest and to preserve the integrity of our advice. At Mercer, executive rewards consulting encompasses all forms of rewards (e.g., cash, equity, benefits, perquisites) for executives as well as for members of organizations' governing boards. The Global Business Standards address how we (i) manage the executive rewards consulting relationship, (ii) ensure the quality of executive rewards consulting services and (iii) structure our business to manage actual or perceived conflicts of interest.

Managing the relationship

A clearly defined client relationship provides the foundation for ensuring the objectivity and integrity of our advice. At the beginning of each engagement, our consultants establish with clients a clear mutual understanding of our role and client reporting relationship, premised on our commitment to providing objective advice.

An engagement letter documents the key elements of the assignment and relationship: roles, responsibilities, scope of services, fees, timeframe and client reporting relationships including how and to whom information and recommendations are communicated.

Ensuring the quality of our advice

Mercer is committed to providing the highest quality advice and solutions to our clients. To ensure that our professional standards are upheld, executive rewards consulting services are performed only under the direction of an executive rewards principal or partner. All consulting advice is peer reviewed pursuant to Mercer's global professional standards before it is rendered. In addition, the structure of ongoing executive rewards consulting relationships is subject to annual review to ensure that it continues to best serve the interest of the client and properly preserves the objectivity of our advice.

Structuring our business

The structure of our business not only facilitates the seamless exchange of our best thinking but also demonstrates to employees and clients the integrity of our advice. Our human capital business is accountable for all of Mercer's executive rewards consultants. Our human capital business leaders — not client relationship managers — evaluate performance and determine remuneration for all executive rewards consultants. Consultants are not compensated based upon client revenue from other lines of business or other MMCo companies other than to the extent that all employees of MMCo benefit from the overall success of MMCo and its subsidiaries.

Mercer's human capital business leadership requires our consultants to seek guidance from them whenever there is any question that our objectivity or integrity is at risk of being compromised. Mercer will discontinue executive rewards consulting relationships where actual or perceived conflicts that would impact the quality or objectivity of our advice cannot be resolved.

ENNAN

EXHIBIT B-2

Consultant's compensation for the services stated in Exhibit A-3 will be professional fees in the range of \$18,000 - \$22,000. All fees will be paid in accordance with the Agreement.



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

January 18, 2017

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

The Chief Executive Officer has provided the attached 3-month trend Analysis: Volume and Strategic Indicators for Kern Medical ending November 30, 2016.



3-Month Trend Analysis: Volume and Strategic Indicators
November 30, 2016

	SEPTEMBER	OCTOBER	NOVEMBER	BUDGET NOVEMBER	VARIANCE POS (NEG)	PY NOVEMBER
VOLUME						
Adjusted Admissions (AA)	1,535	1,486	1,430	1,263	13%	1,152
Adjusted Patient Days	7,450	7,477	7,408	7,693	(4%)	7,174
Admissions	810	798	769	676	14%	676
Average Daily Census	131	129	133	137	(3%)	136
Patient Days	3,930	4,014	3,983	4,118	(3%)	4,211
Available Occupancy %	61.2%	60.5%	62.0%	64.1%	(3%)	63.5%
Average LOS	4.9	5.0	5.2	6.1	(15%)	6.2
Surgeries						
Inpatient Surgeries (Main Campus)	242	254	220	211	4%	214
Outpatient Surgeries (Main Campus)	240	267	272	210	30%	243
Total Surgeries	482	521	492	421	17%	457
Births	256	245	214	218		204
ER Visits						
Admissions	381	381	388	333	17%	344
Treated & Released	3,442	3,374	3,119	3,050	2%	3,198
Total ER Visits	3,823	3,755	3,507	3,383	4%	3,542
Outpatient Clinic Visits						
Total Clinic Visits	10,255	10,495	11,352	7,425	53%	8,420



3-Month Trend Analysis: Volume and Strategic Indicators

November 30, 2016

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME					
Adjusted Admissions (AA)	7,634	7,121	7%	6,963	10%
Adjusted Patient Days	37,797	39,317	(4%)	36,552	3%
Admissions	4,016	3,796	6%	3,796	6%
Average Daily Census	130	137	(5%)	136	(4%)
Patient Days	19,900	21,045	(5%)	20,015	(0.6%)
Available Occupancy %	60.8%	64.3%	(5%)	61.1%	(0.6%)
Average LOS	5.0	5.5	(11%)	5.3	(6%)
Surgeries					
Inpatient Surgeries (Main Campus)	1,145	1,145	0.04%	1,022	12%
Outpatient Surgeries (Main Campus)	1,301	1,300	0.04%	1,382	(6%)
Total Surgeries	2,446	2,445	0.04%	2,404	0.02
Births	1,162	1,267	(8%)	1,095	6%
ER Visits					
Admissions	1,949	1,653	18%	1,854	5%
Treated & Released	17,045	15,153	12%	15,640	9%
Total ER Visits	18,994	16,806	13%	17,494	
Outpatient Clinic Visits					
Total Clinic Visits	53,208	43,190	23%	47,603	12%



3-Month Trend Analysis: Volume and Strategic Indicators

November 30, 2016

	SEPTEMBER	OCTOBER	NOVEMBER	BUDGET NOVEMBER	VARIANCE POS (NEG)	PY NOVEMBER
PAYOR MIX - Charges						
Commercial FFS	3.5%	3.3%	3.4%	4.1%	(18%)	5.4%
Commercial HMO/PPO	6.9%	7.0%	6.0%	7.1%	(15%)	4.9%
Medi-Cal	27.8%	27.2%	29.2%	28.8%	2%	27.0%
Medi-Cal HMO - Kern Health Systems	27.1%	24.6%	31.2%	21.2%	48%	20.9%
Medi-Cal HMO - Health Net	11.3%	14.6%	9.0%	5.2%	75%	6.1%
Medi-Cal HMO - Other	0.6%	2.1%	1.2%	13.1%	(91%)	12.3%
Medicare	9.8%	9.4%	8.6%	9.7%	(11%)	9.7%
Medicare - HMO	1.2%	2.8%	2.2%	2.3%	(4%)	1.8%
County Programs	2.7%	1.5%	2.0%	1.3%	60%	2.6%
Workers' Compensation	1.1%	0.4%	0.7%	1.8%	(60%)	1.6%
Self Pay	8.0%	7.1%	6.4%	5.5%	16%	7.7%
Total	100.0%	100.0%	100.0%	100.0%		100.0%



3-Month Trend Analysis: Volume and Strategic Indicators
November 30, 2016

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
PAYOR MIX - Charges					
Commercial FFS	4.2%	6.2%	(32%)	5.2%	(20%)
Commercial HMO/PPO	6.5%	5.6%	16%	5.3%	24%
Medi-Cal	28.6%	28.3%	1%	30.7%	(7%)
Medi-Cal HMO - Kern Health Systems	27.9%	22.1%	26%	21.6%	29%
Medi-Cal HMO - Health Net	10.5%	8.7%	20%	8.5%	23%
Medi-Cal HMO - Other	1.1%	8.4%	(87%)	6.3%	(83%)
Medicare	9.5%	8.3%	15%	9.2%	4%
Medicare - HMO	2.2%	2.1%	3%	1.7%	33%
County Programs	2.2%	1.2%	81%	3.3%	(32%)
Workers' Compensation	0.6%	1.3%	(56%)	1.0%	(44%)
Self Pay	6.9%	7.9%	(12%)	7.5%	(7%)
Total	100.0%	100.0%		100.0%	



3-Month Trend Analysis: Labor and Productivity Metrics
November 30, 2016

	SEPTEMBER	OCTOBER	NOVEMBER	BUDGET NOVEMBER	VARIANCE POS (NEG)	PY NOVEMBER
Labor Metrics						
Productive FTEs	1,249.60	1,269.53	1,230.89	1,298.26	(5%)	1,134.10
Non-Productive FTEs	204.20	142.81	254.33	229.10	11%	232.96
Contract Labor FTEs	65.03	70.03	68.91	41.78	65%	39.38
Total FTEs	1,453.80	1,427.19	1,485.22	1,527.36	(3%)	1,367.06
FTE's Per AOB Paid	5.85	5.92	6.01	6.78	(11%)	5.91
FTE's Per AOB Worked	5.03	5.26	4.98	5.76	(13%)	4.90
Labor Cost/FTE (Annualized)	127,513.59	130,107.51	125,077.40	109,477.62	14%	117,319.11
Benefits Expense as a % of Benefitted Labor Expense	69%	72%	74%	72%	2%	72%
Salaries & Benefits as % of Net Patient Revenue	61%	64%	63%	66%	(5%)	63%

3-Month Trend Analysis: Labor and Productivity Metrics
November 30, 2016

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics					
Productive FTEs	1,230.72	1,272.80	(3%)	1,148.68	7%
Non-Productive FTEs	201.75	224.61	(10%)	195.67	3%
Contract Labor FTEs	65.96	48.85	35%	34.77	90%
Total FTEs	1,432.47	1,497.41	(4%)	1,344.35	7%
FTE's Per AOB Paid	5.80	5.83	(0%)	5.63	3%
FTE's Per AOB Worked	4.98	5.33	(6%)	4.81	4%
Labor Cost/FTE (Annualized)	128,777.51	121,577.28	6%	123,649.76	4%
Benefits Expense as a % of Benefitted Labor Expense	70%	71%	(2%)	70%	0%
Salaries & Benefits as % of Net Patient Revenue	63%	66%	(4%)	64%	(2%)



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

January 18, 2017

Subject: Kern County Hospital Authority, Chief Financial Officer Report

Recommended Action: Receive and File.

Summary:

Kern County's Hospital Authority Chief Financial Officer will provide a report on Finances ending November 30, 2016.



3-Month Trend Analysis: Revenue & Expense
November 30, 2016

	SEPTEMBER	OCTOBER	NOVEMBER	BUDGET NOVEMBER	VARIANCE POS (NEG)	PY NOVEMBER
Gross Patient Revenue	\$ 64,820,836	\$ 67,536,402	\$ 63,484,833	\$ 57,763,141	10%	\$ 57,305,152
Contractual Deductions	(47,451,197)	(49,962,584)	(45,968,653)	(43,896,635)	5%	(43,752,459)
Net Revenue	17,369,639	17,573,818	17,516,180	13,866,506	26%	13,552,693
Indigent Funding	8,523,757	7,188,107	7,795,895	6,654,482	17%	6,777,864
Correctional Medicine	1,889,312	1,976,045	1,976,045	1,879,808	5%	981,931
County Contribution	285,211	285,211	285,211	287,671	(1%)	590,679
Incentive Funding	0	0	0	833,334	(100%)	2,000,000
Net Patient Revenue	28,067,919	27,023,181	27,573,331	23,521,801	17%	23,903,167
Other Operating Revenue	959,735	952,306	903,502	1,259,431	(28%)	1,003,946
Other Non-Operating Revenue	14,149	85,437	42,750	21,473	99%	62,977
Total Operating Revenue	29,041,803	28,060,924	28,519,583	24,802,705	15%	24,970,090
Expenses						
Salaries	10,799,781	11,024,716	11,099,323	10,097,835	10%	9,548,603
Employee Benefits	5,582,392	5,396,241	5,337,301	4,939,962	8%	4,968,751
Contract Labor	875,941	946,227	918,282	556,742	65%	540,554
Medical Fees	1,399,356	1,365,361	1,419,622	1,346,879	5%	1,296,166
Other Professional Fees	1,865,194	1,653,636	978,458	1,496,398	(35%)	1,665,697
Supplies	3,532,280	3,728,266	4,248,469	3,176,666	34%	3,523,948
Purchased Services	1,828,897	1,094,882	1,477,496	1,174,542	26%	1,079,969
Other Expenses	1,742,171	1,270,262	1,289,292	1,514,344	(15%)	1,145,969
Operating Expenses	27,626,012	26,479,591	26,768,243	24,303,368	10%	23,769,657
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,415,791	1,581,332	1,751,340	499,337	251%	1,200,433
EBIDA Margin	5%	6%	6%	2%	205%	5%
Interest	18,550	19,168	18,550	48,360	(62%)	50,848
Depreciation	411,441	480,902	524,308	386,775	36%	381,903
Amortization	62,543	28,952	(3,253)	48,191	(107%)	48,259
Total Expenses	28,118,546	27,008,613	27,307,848	24,786,694	10%	24,250,667
Operating Gain (Loss)	923,257	1,052,310	1,211,735	16,011	7,468%	719,423
Operating Margin	3%	4%	4%	0.1%	6,482%	3%



3-Month Trend Analysis: Revenue & Expense
November 30, 2016

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Gross Patient Revenue	\$ 329,178,998	\$ 335,959,487	(2%)	\$ 291,324,908	13%
Contractual Deductions	(242,406,847)	(256,027,147)	(5%)	\$ (219,519,665)	10%
Net Revenue	86,772,151	79,932,340	9%	71,805,243	
Indigent Funding	36,408,559	33,937,852	7%	34,567,107	5%
Correctional Medicine	9,869,285	9,587,023	3%	5,969,114	65%
County Contribution	1,436,994	1,467,123	(2%)	3,116,335	(54%)
Incentive Funding	1,698,630	4,166,668	(59%)	6,000,000	(72%)
Net Patient Revenue	136,185,619	129,091,006	5%	121,457,799	12%
Other Operating Revenue	4,749,258	6,423,106	(26%)	5,393,155	(12%)
Other Non-Operating Revenue	338,364	109,508	209%	265,223	28%
Total Operating Revenue	141,273,241	135,623,620	4%	127,116,177	11%
Expenses					
Salaries	55,661,692	54,779,936	2%	50,392,467	10%
Employee Benefits	26,311,305	27,188,052	(3%)	25,787,936	2%
Contract Labor	4,370,711	3,236,914	35%	2,001,795	118%
Medical Fees	6,874,935	6,869,083	0%	6,172,113	11%
Other Professional Fees	7,866,299	7,631,632	3%	7,482,480	5%
Supplies	19,435,098	18,476,103	5%	18,617,759	4%
Purchased Services	6,637,274	5,994,674	11%	5,563,102	19%
Other Expenses	7,340,404	8,000,314	(8%)	6,182,999	19%
Operating Expenses	134,497,718	132,176,708	2%	122,200,651	10%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	6,775,523	3,446,912	97%	4,915,526	38%
EBIDA Margin	5%	3%	89%	4%	24%
Interest	94,605	246,638	(62%)	231,322	(59%)
Depreciation	2,331,087	1,972,552	18%	1,924,822	21%
Amortization	127,786	245,774	(48%)	241,296	(47%)
Total Expenses	137,051,196	134,641,672	2%	124,598,091	10%
Operating Gain (Loss)	4,222,045	981,948	330%	2,518,086	68%
Operating Margin	3%	1%	313%	2%	51%



3-Month Trend Analysis: Cash Indicators
November 30, 2016

	SEPTEMBER	OCTOBER	NOVEMBER	BUDGET NOVEMBER	VARIANCE POS (NEG)	PY NOVEMBER
CASH						
Total Cash	44,763,636	25,655,971	60,613,182	43,240,249	40%	75,421,898
Days Cash On Hand	49	30	68	53	27%	95
Days In A/R - Gross	94.0	103.8	101.9	76.0	34%	84.2
Patient Cash Collections	\$ 13,764,745	\$ 13,814,971	\$ 23,203,984	N/A	N/A	\$ 13,594,183
Patient Cash Goal	\$ 17,211,307	\$ 17,022,814	\$ 17,742,157	N/A	N/A	\$ 13,894,676
Projected Year End Cash Balance	52,404,692	44,855,082	43,240,249	N/A	N/A	N/A



3-Month Trend Analysis: Cash Indicators
November 30, 2016

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
CASH					
Total Cash	60,613,182	43,240,249	40%	75,421,898	(20%)
Days Cash On Hand	69	50	38%	94	(27%)
Days In A/R - Gross	101.9	76.0	34%	85.0	20%
Patient Cash Collections	\$ 81,874,442	N/A	N/A	\$ 69,490,298	18%
Patient Cash Goal	\$ 84,419,808	N/A	N/A	\$ 58,773,640	44%
Projected Year End Cash Balance	44,855,082	N/A	N/A	N/A	N/A



3-Month Trend Analysis: Operating Metrics

November 30, 2016

	SEPTEMBER	OCTOBER	NOVEMBER	BUDGET NOVEMBER	VARIANCE POS (NEG)	PY NOVEMBER
Operating Metrics						
Total Expense per Adjusted Admission	18,313	18,170	19,094	19,626	(3%)	21,057
Total Expense per Adjusted Patient Day	3,774	3,612	3,686	3,222	14%	3,380
Supply Expense per Adjusted Admission	2,300	2,508	2,971	2,515	18%	3,060
Supply Expense per Surgery	1,448	2,351	2,040	1,613	26%	1,514
Supplies as % of Net Patient Revenue	13%	14%	15%	14%	14%	15%
Pharmaceutical Cost per Adjusted Admission	1,013	810	1,189	1,109	7%	1,468
Net Revenue Per Adjusted Admission	\$ 11,312	\$ 11,823	\$ 12,247	\$ 10,980	12%	



3-Month Trend Analysis: Operating Metrics
November 30, 2016

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics					
Total Expense per Adjusted Admission	17,952	18,908	(5%)	17,895	0%
Total Expense per Adjusted Patient Day	3,626	3,425	6%	3,409	6%
Supply Expense per Adjusted Admission	2,546	2,595	(2%)	2,674	(5%)
Supply Expense per Surgery	2,049	1,615	27%	1,587	29%
Supplies as % of Net Patient Revenue	14%	14%	(0%)	15%	(7%)
Pharmaceutical Cost per Adjusted Admission	966	1,144	(16%)	1,258	(23%)
Net Revenue Per Adjusted Admission	\$ 11,366	\$ 11,225	1.3%	\$ 10,313	10%

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH NOVEMBER 30, 2016

MTD ACT	MTD BUD	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACT	YTD BUD	VAR \$ FAV/(UNFAV)	VAR %
301,335	334,816	(33,481)	-10.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	1,536,807	1,707,564	(170,757)	-10.0%
828,267	920,298	(92,031)	-10.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	5,927,951	4,693,516	1,234,435	26.3%
80,146	189,927	(109,781)	-57.8%	COUNTY REALIGNMENT FUNDS	1,432,575	968,624	463,951	47.9%
984,098	929,387	54,711	5.9%	MEDI-CAL SUPPLEMENTAL FUNDING	5,018,896	4,739,869	279,027	5.9%
2,111,104	2,345,671	(234,567)	-10.0%	PRIME - NEW WAIVER	10,863,509	11,962,923	(1,099,414)	-9.2%
3,490,945	1,934,383	1,556,562	80.5%	GPP - NEW WAIVER	11,628,821	9,865,356	1,763,465	17.9%
7,795,895	6,654,482	1,141,413	17.2%	SUB-TOTAL - GOVERNMENTAL REVENUE	36,408,559	33,937,852	2,470,707	7.3%
1,976,045	1,879,808	96,237	5.1%	CORRECTIONAL MEDICINE	9,869,285	9,587,023	282,262	2.9%
285,211	287,671	(2,460)	-0.9%	COUNTY CONTRIBUTION	1,436,994	1,467,123	(30,129)	-2.1%
10,057,151	8,821,961	1,235,190	14.0%	TOTAL INDIGENT CARE & COUNTY FUNDING	47,714,838	44,991,998	2,722,840	6.1%



OTHER REVENUE

FOR THE MONTH NOVEMBER 30, 2016

OTHER OPERATING REVENUE

	<u>MTD ACTUAL</u>	<u>MTD BUDGET</u>	<u>VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>VARIANCE</u>
PARKING LOT REVENUE	718	493	225	3,808	2,515	1,293
OTHER CO. DEPT. REIMBURSEMENT	24,613	13,776	10,837	123,322	70,255	53,067
EMS REVENUE (SB-612)	0	68,964	(68,964)	192,502	351,722	(159,220)
FEDERAL INMATE REVENUE	0	52,837	(52,837)	(47,071)	269,468	(316,539)
MEDICAL RECORDS FEES	1,366	1,934	(568)	10,484	9,867	617
X-RAY COPY FEES	8	0	8	16	0	16
MEDICAL SCHOOL STUDENT FEES	333,587	375,795	(42,208)	1,668,233	1,916,557	(248,324)
JURY/WITNESS FEES	825	0	825	1,575	0	1,575
CANCELLED OUTLAWED WARRANTS	1,533	2,665	(1,132)	(1,664)	13,592	(15,256)
PROFESSIONAL FEES	245,458	484,847	(239,389)	1,403,485	2,472,721	(1,069,236)
CAFETERIA SALES	73,260	65,920	7,340	359,763	336,189	23,574
FEDERAL-OTHER AID	11,699	0	11,699	26,434	0	26,434
GRANTS	0	0	0	527	0	527
MENTAL HEALTH MOU	184,899	185,792	(893)	869,124	947,540	(78,416)
REBATES & REFUNDS	25,537	6,408	19,129	138,721	32,680	106,041
TOTAL OTHER OPERATING REVENUE	903,502	1,259,431	(355,929)	4,749,259	6,423,106	(1,673,847)
OTHER NON-OPERATING REVENUE						
INTEREST ON COLLECTIONS	16,907	12,466	4,441	98,497	63,575	34,922
OTHER MISCELLANEOUS REVENUE	2,122	4,020	(1,898)	121,467	20,500	100,967
INTEREST ON FUND BALANCE	23,721	4,987	18,734	118,400	25,433	92,967
TOTAL OTHER NON-OPER REVENUE	42,750	21,473	21,277	338,364	109,508	228,856



CORRECTIONAL MEDICINE P&L - MTD & YTD

FOR THE MONTH NOVEMBER 30, 2016

<u>MTD ACT</u>	<u>MTD BUD</u>	<u>VAR \$</u> <u>FAV/(UNFAV)</u>	<u>VAR %</u>	<u>DESCRIPTION</u>	<u>YTD ACT</u>	<u>YTD BUD</u>	<u>VAR \$</u> <u>FAV/(UNFAV)</u>	<u>VAR %</u>
1,976,045	1,879,808	96,237	5.1%	COUNTY INMATE REVENUE	9,869,285	9,587,023	282,262	2.9%
0	0	0	100.0%	FEDERAL INMATE REVENUE	0	0	0	100.0%
1,976,045	1,879,808	96,237	5.1%	TOTAL REVENUE	9,869,285	9,587,023	282,262	2.9%
				DIRECT INMATE EXPENSES				
1,062,614	1,102,717	(40,103)	-3.6%	SALARIES & BENEFITS	5,434,476	5,623,855	(26,702)	-0.4%
794,848	40,792	754,056	1848.5%	SUPPLIES & OTHER EXP	1,561,046	208,040	343,281	201.5%
1,857,461	1,143,509	713,952	62.4%	TOTAL DIRECT INMATE EXPENSES	6,995,522	5,831,895	1,163,627	20.0%
				ALLOCATED INMATE EXPENSES				
176,683	160,752	15,931	9.9%	INPATIENT	703,007	819,837	(116,830)	-14.3%
291,296	284,297	6,999	2.5%	OUTPATIENT	2,084,365	1,449,912	634,453	43.8%
467,979	445,049	22,930	5.2%	TOTAL ALLOCATED INMATE EXPENSES	2,787,372	2,269,749	517,623	22.8%
119,129	129,956	(10,827)	-8.3%	AMBULANCE/OTHER HC PROVIDER EXPENSES	660,661	664,594	(3,933)	-0.6%
2,444,570	1,718,514	726,056	42.2%	TOTAL EXPENSES	10,443,554	8,766,238	1,677,317	19.1%
(468,525)	161,294	(629,819)	-390.5%	NET INCOME	(574,269)	820,785	(1,395,055)	-170.0%



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

January 18, 2017

Subject: Comments Regarding Budget Variances for Operating Expenses – November 2016

Summary:

Other Professional Fees:

- Other Professional Fees have an unfavorable budget variance for the month of November 2016 due to the reclassification of Paytech payroll system consulting and implementation expenses to this line item, the reclassification of Dr. Meyer's hospital ethics consulting expenses to this line item, Fidelis Partners physician placement fees, and Kapsis IT Solutions fees.

Supplies:

- Supplies have an unfavorable budget variance for the month of November 2016 due to an increase in Cardinal pharmaceutical expenses for the month and additional prostheses and surgical supplies expenses paid to Synthes.

Purchased Services:

- Purchased Services have an unfavorable budget variance for the month of November 2016 due to an increase in fees paid to Signature Performance, as well as Quest Diagnostics and CSS Consulting for materials management consulting fees.

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on January 18, 2017, to consider:

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on January 18, 2017, to consider:

- X CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Deputy County Counsel Karen S. Barnes and designated staff – Unrepresented Employee: Kern County Hospital Authority Chief Executive Officer (Government Code Section 54957.6)

**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 January 18, 2017, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on January 18, 2017, 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: Jose Ramirez v.
County of Kern, Workers' Compensation Appeals Board Case Nos. ADJ-
7279531, ADJ-8654762, ADJ-8654827, ADJ-8654832 –

**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 January 18, 2017, 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 - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(1).) Number of cases: Three hundred sixty-seven (367) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the authority but which the authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed –