



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, March 20, 2019

11:30 A.M.

BOARD TO RECONVENE

Board Members: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk
Roll Call:

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. 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 by the Chief Executive Officer recognizing the third floor Inpatient Psychiatry Unit remodel –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on February 20, 2019 –
APPROVE

CA

- 5) Proposed Corrective Deed of Trust to correct initial documents filed by the County of Kern conveying a first priority lien on all the real property constituting Kern Medical Center that secures all direct and indirect obligations of the Kern County Hospital Authority to the County of Kern –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 716-2016 with the County of Kern for health care services, finance and support, to provide that the Kern County Hospital Authority will not participate in the County Treasury Pool, effective March 1, 2019 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Agreement with Orestes A. Alvarez-Jacinto, M.D., a contract employee, for professional medical services in the Department of Obstetrics and Gynecology from March 20, 2019 through March 19, 2022, in an amount not to exceed \$1,575,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Agreement with Antony Minasaghanian, M.D., a contract employee, for professional medical services in the Department of Radiology from June 8, 2019 through June 7, 2022, in an amount not to exceed \$1,750,000, plus applicable benefits
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Amendment No. 3 to Agreement 14818 with Healthcare Performance Group, Inc., an independent contractor, for consulting services related to the Cerner Millennium project, for the period June 11, 2018 through June 10, 2019, extending the term for five months through November 29, 2019, and increasing the maximum payable by \$203,896, from \$750,000 to \$953,896, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Agreement with Bracco Diagnostics Inc., an independent contractor, containing nonstandard terms and conditions, for use of two CT contrast injectors, software and training from March 20, 2019 through March 19, 2024, in an amount not to exceed \$32,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed Agreement with Zimmer US, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of compression therapy equipment from March 20, 2019 through March 19, 2024, in an amount not to exceed \$500,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

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

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

CA

- 14) Claims and Lawsuits Filed as of February 28, 2019 –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 15) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 16) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Susan Villarreal v. Kern Medical Center, Workers' Compensation Appeals Board Case No. ADJ9865005 –
- 17) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, APRIL 10, 2019, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

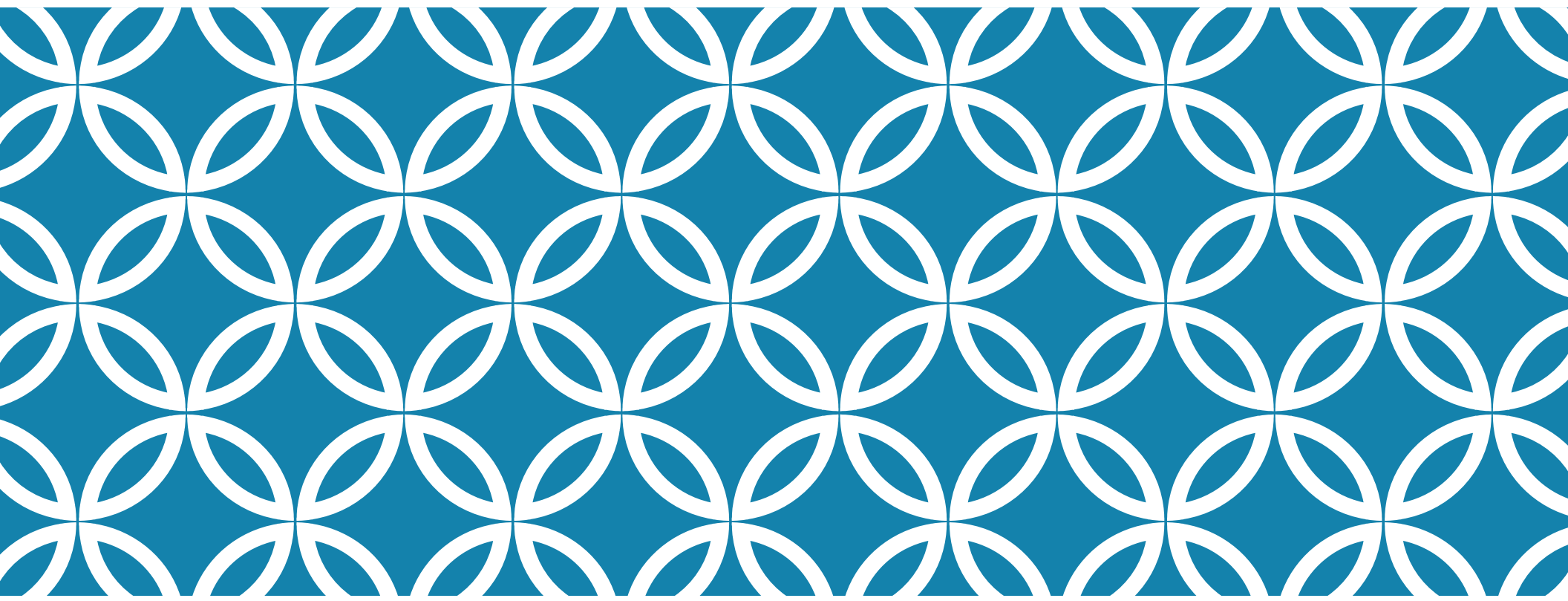
All agenda item supporting documentation is available for public review at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, 93306 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting 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.

14) CLAIMS AND LAWSUITS FILED AS OF FEBRUARY 28, 2019 –
RECEIVE AND FILE

- A) Claim in the matter of Maria Esperanza Cuellar D. Polanco
- B) Claim in the matter of Jared Bookout
- C) Claim in the matter of Peter Douglas
- D) Notice of Filing Discrimination Complaint in the matter of Amy Swidecki
- E) Summons and Complaint in the matter of Gold Coast Electric, Inc., a California corporation v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-19-100398



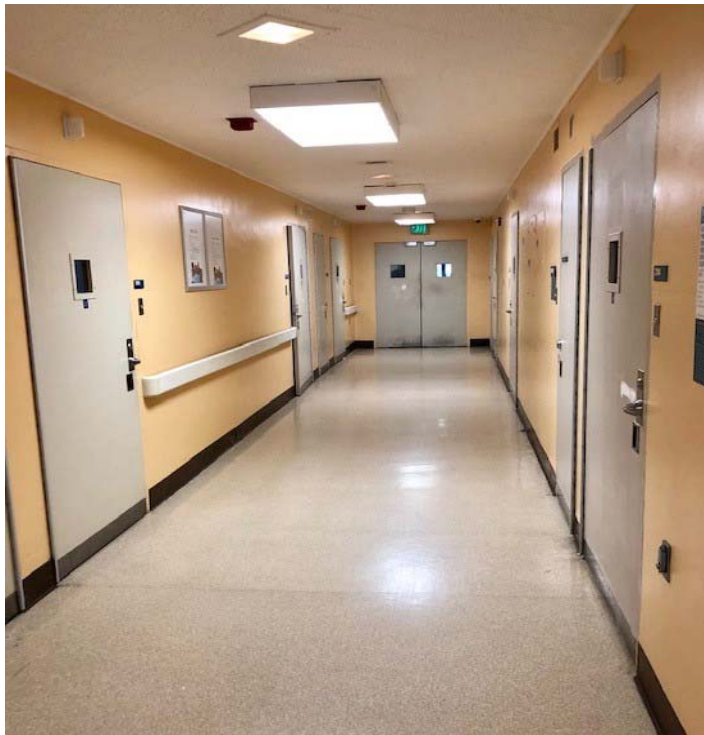
BEHAVIORAL HEALTH UNIT REMODEL



ENTRANCE



MAIN HALL



MULTIPURPOSE ROOM



BED ROOM



PATIENT PHONES



RESTRAINT ROOM



STAFF KITCHEN (NOW EQUIPMENT ROOM)



MORE AFTER

Entrance Hallway



TV Room




MORE AFTER

Conference Room




Dining Room





Construction Team:	Jared Leavitt, Thad Bulkeley, Nanette Crawford
Security Team:	Shad Reeves
Environmental Services Team:	Eric Smith
Clinical Team:	Physicians, Nursing, Social Work, & Support Staff



THANK YOU



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

**Regular Meeting
Wednesday, February 20, 2019**

11:30 A.M.

BOARD RECONVENED

Directors Present: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk
Directors Absent: None

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

CHAIRMAN BIGLER REMARKED ON AN ARTICLE IN THE SUNDAY, FEBRUARY 17, 2019, EDITION OF THE BAKERSFIELD CALIFORNIAN REGARDING THE JOINT VENTURE BETWEEN KERN MEDICAL CENTER AND KERN HEALTH SYSTEMS TO CARE FOR INDIGENT PATIENTS

BY A UNANIMOUS VOTE (MOTION BY DIRECTOR MCLAUGHLIN, SECOND BY DIRECTOR BERJIS) TO BOARD REOPENED PUBLIC PRESENTATIONS, DUE TO THE LATE ARRIVAL OF REPRESENTATIVES OF THE COMMITTEE OF INTERNS AND RESIDENTS/SERVICE EMPLOYEES' INTERNATIONAL UNION, LOCAL 1957 (CIR/SEIU) WHO WISHED TO ADDRESS THE BOARD

SAMANTHA MADZIARSKI, M.D., CHILD & ADOLESCENT PSYCHIATRY FELLOW, MATTHEW BRYAN, D.O., PSYCHIATRY RESIDENT, AND DWANE DEVOE, REPRESENTING CIR/SEIU, HEARD, REGARDING RESIDENT AND FELLOW SALARY NEGOTIATIONS

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing Griselda Rivas, Clinical Lab Assistant II and Laura Fuller, Clinical Lab Assistant II for extraordinary service – MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on January 20, 2019 – APPROVED
Sistrunk-Brar: All Ayes

CA

- 5) Minutes for Kern County Hospital Authority Board of Governors special meeting on February 11, 2019 – APPROVED
Sistrunk-Brar: All Ayes

CA

- 6) Proposed Agreement with SCP 35, LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of solar power for Sagebrush Medical Plaza, in an amount not to exceed \$4,800,000 over 25 years – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 006-2019
Sistrunk-Brar: All Ayes

CA

- 7) Proposed Sales Order 1-6LCV8QM with Cerner Corporation, an independent contractor, for purchase of Workstations on Wheels for the Cerner Millennium Project from February 20, 2019 through February 19, 2023, in an amount not to exceed \$1,099,098 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 007-2019

Sistrunk-Brar: All Ayes

CA

- 8) Proposed Sales Order 1-6LC01PM with Cerner Corporation, an independent contractor, for purchase of additional equipment for the Cerner Millennium Project from February 20, 2019 through February 19, 2023, in an amount not to exceed \$287,324 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 008-2019

Sistrunk-Brar: All Ayes

CA

- 9) Proposed Schedule 11 to Agreement 2016-036 with Cerner Corporation, an independent contractor, for purchase of Nuance-Dragon Medical One Cloud Edition for the Cerner Millennium Project from February 20, 2019 through February 19, 2024, in an amount not to exceed \$820,950 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 009-2019

Sistrunk-Brar: All Ayes

CA

- 10) Proposed Agreement with Dell Financial Services LLC, an independent contractor, containing nonstandard terms and conditions, for lease of desktop computers for the Cerner Millennium Project from February 20, 2019 through February 19, 2023, in an amount not to exceed \$900,263 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 010-2019

Sistrunk-Brar: All Ayes

CA

- 11) Proposed 2018 Comprehensive Annual Financial Report and 2018 Actuarial Valuation from Kern County Employees' Retirement Association – RECEIVED AND FILED

Sistrunk-Brar: All Ayes

CA

- 12) Proposed acceptance of donations from CSAC and Safety National risk funds for travel and related expenses to cover all costs for two Kern Medical Center employees to attend the California Hospital Association "Hospital Compliance Seminar" in Costa Mesa, California, on February 20, 2019 – APPROVED; ADOPTED RESOLUTION 2019-002

Sistrunk-Brar: All Ayes

CA

- 13) Proposed acceptance of donations from CSAC and Safety National risk funds for travel and related expenses to cover all costs for one Kern Medical Center employee to attend the American Society for Health Care Risk Management “2019 ASHRM Academy” in Phoenix, Arizona, from April 1-2, 2019 – APPROVED; ADOPTED RESOLUTION 2019-003

Sistrunk-Brar: All Ayes

- 14) Request to employ retired Kern County Hospital Authority employee Tina Anderson, as Extra Help Senior Paralegal, for the period ending June 30, 2019, or 960 hours, whichever occurs first, effective March 1, 2019 – APPROVED

Berjis-Pelz: All Ayes

- 15) Proposed Report of Independent Auditors from Moss-Adams LLP, an independent contractor, regarding the audit of Kern Medical Center financial statements for the year ending June 30, 2018 – STELIAN DAMU AND KIMBERLY SOKOLOFF, MOSS-ADAMS LLP, HEARD; RECEIVED AND FILED; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS

Sistrunk-McLaughlin: All Ayes

- 16) Proposed establishment of a treasury outside the Kern County Treasury Pool, effective March 1, 2019; approval of a revolving line of credit with PNC Bank, National Association (PNC Bank) in a principal amount not to exceed \$20,000,000 from March 1, 2019 through June 30, 2019, \$50,000,000 from July 1, 2019 through October 31, 2019, and \$20,000,000 at any other time; approval of Credit Agreement, General Security and Pledge Agreement, and Deposit Account Control Agreement with PNC Bank; and delegating authority to certain officers – APPROVED; ADOPTED RESOLUTION 2019-004; AUTHORIZED AND DIRECTED ANY TWO OF THE FOLLOWING OFFICERS (EACH, AN “AUTHORIZED OFFICER”), FOR AND IN THE NAME OF AND ON BEHALF OF THE AUTHORITY, TO EXECUTE CREDIT AGREEMENT 011-2019, GENERAL SECURITY AND PLEDGE AGREEMENT 012-2019, AND DEPOSIT ACCOUNT CONTROL AGREEMENT 013-2019, SUBSTANTIALLY IN THE FORM PRESENTED TO THIS BOARD, WITH SUCH CHANGES AS THE AUTHORIZED OFFICERS EXECUTING THE SAME, TOGETHER WITH THE VICE PRESIDENT & GENERAL COUNSEL OF THE AUTHORITY, SHALL APPROVE: CHAIRMAN OF THIS BOARD, VICE-CHAIRMAN OF THIS BOARD, CHIEF EXECUTIVE OFFICER OF THE AUTHORITY, CHIEF STRATEGY OFFICER OF THE AUTHORITY OR CHIEF FINANCIAL OFFICER OF THE AUTHORITY; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS WITH REQUEST TO AUTHORIZE THE KERN COUNTY HOSPITAL AUTHORITY TO ESTABLISH ITS OWN TREASURY, SEPARATE AND APART FROM THE KERN COUNTY TREASURY POOL, AND INCUR DEBT, EFFECTIVE MARCH 1, 2019

Pelz-Brar: 6 Ayes; 1 Abstention - Alsop

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

- 18) Kern County Hospital Authority Chief Executive Officer report – RECEIVED AND FILED

Berjis-Pelz: All Ayes

NOTE: CHAIRMAN BIGLER ANNOUNCED THAT, DUE TO HIS FAMILIAL RELATIONSHIP WITH AN EMPLOYEE OF MERIDIAN HEALTHCARE PARTNERS, INC., HE WOULD RECUSE HIMSELF FROM THE DISCUSSION AND VOTE ON ITEM 19, AND, AFTER PASSING THE GAVEL TO VICE CHAIRMAN MCLAUGHLIN, LEFT THE DAIS AND DID NOT RETURN UNTIL AFTER THE BOARD ADJOURNED TO CLOSED SESSION

NOTE: CHIEF EXECUTIVE OFFICER RUSSELL V. JUDD AND EMPLOYEES OF MERIDIAN HEALTHCARE PARTNERS, INC. LEFT THE ROOM PRIOR TO THE DISCUSSION AND VOTE ON AGENDA ITEM 19 AND DID NOT RETURN UNTIL AFTER THE BOARD ADJOURNED TO CLOSED SESSION

- 19) Proposed retroactive Agreement with Meridian Healthcare Partners, Inc., an independent contractor, for Chief Executive Officer and healthcare management services from December 16, 2018 through December 15, 2025, in an amount not to exceed \$10,236,252 for the period December 16, 2018 through December 15, 2020 – APPROVED; AUTHORIZED VICE CHAIRMAN TO SIGN AGREEMENT 014-2019

Berjis-Brar: 6 Ayes; 1 Abstention - Bigler

CA

- 20) Claims and Lawsuits Filed as of January 31, 2019 – RECEIVED AND FILED

Sistrunk-Brar: All Ayes

ADJOURNED TO CLOSED SESSION

Pelz-Sistrunk

CLOSED SESSION

- 21) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 22) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 23) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Officer, and designated staff – Employee organizations: Committee of Interns and Residents/Service Employees International Union, Local 1957 (Government Code Section 54957.6) – SEE RESULTS BELOW
- 24) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

Brar-Alsop

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 21 Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE (MOTION BY DIRECTOR SISTRUNK, SECOND BY DIRECTOR MCLAUGHLIN;), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, AND VOLUNTARY RESIGNATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 22 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. 23 CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Officer, and designated staff – Employee organizations: Committee of Interns and Residents/Service Employees International Union, Local 1957 (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 24 Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, MARCH 20, 2019, AT 11:30 A.M.

Sistrunk

/s/ Mona A. Allen
Authority Board Coordinator

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



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

March 20, 2019

Subject: Proposed Corrective Deed of Trust

Recommended Action: Approve; Authorize Chairman to sign

Summary:

This is to request your Board's approval of the proposed corrective Deed of Trust conveying a first priority lien on all the real property constituting Kern Medical Center that secures all direct and indirect obligations of the Authority to the County of Kern.

On June 22, 2016, your Board approved an agreement for health care services, finance and support between the County and the Authority. The agreement provides for health care services to the residents of the County, maintenance of certain operations and facilities, and the assumption of liability for certain obligations of the County. As required by the agreement, prior to the transfer of Kern Medical Center, the Authority executed and delivered to the County a deed of trust conveying a first priority lien to the County on all the real property constituting the medical center that secures all direct and indirect obligations of the Authority under the agreement. Due to an oversight, the Deed of Trust included ambiguous language that may convey a security interest beyond the real property. To ensure the Authority is able to move forward with its new treasury relationship with PNC Bank, N.A., it is necessary to correct the Deed of Trust. The Board of Supervisors approved the proposed corrective Deed of Trust on March 12, 2019.

Therefore, it is recommended that your Board approve the corrective Deed of Trust and authorize the Chairman to sign.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

COUNTY OF KERN
GENERAL SERVICES DIVISION
1115 TRUXTUN AVENUE 3D FL
BAKERSFIELD CA 93301

(space above this line for recorder's use)

This document is being recorded to correct the Deed of Trust with Assignment of Rents, document number 000216086956, which recorded on June 30, 2016, to correct the definition of the "Property" as defined in the second paragraph, the date of the Finance & Support Agreement, the remedies set forth in Section B(5), and the description of the security interest granted in Section C(2).

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This **DEED OF TRUST** is made as of **June 30, 2016** between the **KERN COUNTY HOSPITAL AUTHORITY**, a county hospital authority, herein called "Trustor", **TICOR TITLE COMPANY**, herein called "Trustee", and **COUNTY OF KERN**, a political subdivision of the State of California, herein called "Beneficiary":

Trustor irrevocably grants, transfers, and assigns to Trustee in Trust for the benefit of Beneficiary, with Power of Sale and right of entry and possession, the following Property (all or any part of such Property, or any interest in all or any part of it, together with the Personalty (as hereinafter defined) being hereinafter collectively referred to as the "Property"): (a) that certain improved real property located (i) along Mount Vernon Avenue between Ridge Road and Flower Street in Bakersfield, California, which includes improvements and facilities commonly known and referred to as Kern Medical Center, Public Health Department, Probation Headquarters, Coroner's Office, Mary K. Shell Mental Health Clinic, Juvenile Justice Center, and common areas amongst and between these improvements and facilities (collectively, such real property and improvements and facilities thereon shall be referred to herein as the "Kern Medical Center Complex"), as legally described in Exhibit "A" attached hereto and incorporated herein by reference, and (ii) along Columbus Street between Nelson Street and River Boulevard in Bakersfield, California, commonly known as 1111 Columbus Street, Bakersfield, California, and common areas amongst and between these improvements and facilities, which includes improvements and facilities thereon (collectively, such real property and improvements and facilities thereon shall be referred to herein as the "Sagebrush Parcel"), as legally described in Exhibit "A-1" attached hereto and incorporated herein by reference (collectively, both sub-clauses (i) and (ii) are referred to herein as the "Real Property"), together with all existing and future easements and rights affording access to the Real Property; ~~(b) all rents, income, revenues, issues and profits of or from the Real Property (subject, however, to the right, power, and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, income, revenues, issues, and profits);~~ (c) all Fixtures (as hereinafter defined); (d) all proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of

any of the Real Property or the other property described above into cash or liquidated claims, and all causes of action and their proceeds for any damage or injury to the Real Property or the other property described above; and (e) all additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

FOR THE PURPOSE OF SECURING the following (collectively referred to herein as the "Secured Obligations"): (1) the repayment and performance of all obligations as set forth in that certain Agreement For Health Care Services, Finance And Support dated ~~of even date herewith~~ July 1, 2016 (the "Finance & Support Agreement") ~~dated as of even date herewith~~, executed by Trustor in favor of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured; (3) payment of additional sums and interest thereon which may hereafter be owed by Trustor to Beneficiary, or its successors or assigns, when evidenced by a promissory note or notes or agreement or instrument (including, without limitation, the Finance & Support Agreement) reciting that they are secured by this Deed of Trust.

A. To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor agrees:

(1) To keep said Property in the same condition and repair as when acquired by Trustor; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said Property in violation of the law; and to do all other acts which from the character or use of said Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(3) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said Property; when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof, which appear to be prior or superior hereto; and, all costs, fees and expenses of this Deed of Trust. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee may, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said Property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

(4) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof.

B. It is mutually agreed:

(1) That any award of damages in connection with any injury to said Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him or her in any manner permitted under law. Notwithstanding the foregoing, provided that Trustor is not in default or breach hereunder, in the event of any injury to said Property that materially and adversely impacts or impairs Trustor's operations on the Property, Beneficiary shall release such moneys to Trustor for the sole purpose of Trustor's prompt repair of said injury to and/or or restoration of the Property to a condition that remedies the material and adverse impact or impairment of Trustor's operations thereon.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said Property; consent to making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention of other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such Reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such Reconveyance may be described as "the person or persons legally entitled thereto."

~~(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Trust, to collect the rents, issues, and profits of said Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any such indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues, and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Property or any part thereof, in his or her own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said Property, the collection of such rents, issues, and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.~~

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any covenant or agreement under the Finance & Support Agreement or hereunder, Beneficiary may: (i) declare all sums secured hereby immediately due and payable; (ii) bring an action in any court of competent jurisdiction to foreclose this instrument or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust; (iii) exercise any or all of the remedies granted to a secured party under the California Uniform Commercial Code; and/or (iv) deliver to Trustee a written declaration of default and demand for sale and of written notice of default and of election to cause said Property to be sold, which notice Trustee shall cause to be filed for record. In the event that Trustor exercises its remedy set forth in

section (iv) of the previous sentence, Beneficiary also shall deposit with Trustee this Deed of Trust, the Finance & Support Agreement, and all documents evidencing expenditures secured hereby. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee without demand on Trustor, shall sell said Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone the same of all or any portion of said Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as herein defined, may purchase at such sale. After deducting all costs, fees, and expenses of Trustee and of this Deed of Trust, including cost of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the maximum amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled hereto.

All rights and remedies described in this Deed of Trust shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County where said Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers, and duties. Said instrument must contain the name of the original Trustor, Trustee, and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, and the name and address of the new Trustee.

(8) That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the obligations secured hereby, whether or not named as Beneficiary herein in this Deed of Trust, whenever the context so requires, the masculine gender include the feminine and or the neuter, and the singular number includes the plural.

(9) The Trustee accepts this trust when this Deed of Trust is duly executed and acknowledged, and is made a public record as provided by law. Trustee is not obliged to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

(10) Trustor acknowledges that the transfer or further encumbrance of the Property could significantly and materially alter, impair, or reduce Beneficiary's security for the Secured Obligations. Therefore, in order to induce Beneficiary to make the loans and other undertakings represented by the Finance & Support Agreement, Trustor agrees not to "Transfer" (as defined below) the Property, or any portion thereof, or any interest therein, without the prior written consent of Beneficiary which consent may be withheld in Beneficiary's sole and absolute discretion. If any such consent to Transfer should be given (or if the Property is transferred into a trust established by and for Borrower as discussed below), the transferee shall automatically become subject to and obligated by the Finance & Support Agreement, this

Deed of Trust, and any other documents, but Trustor, and any other guarantor of the Secured Obligations shall not in any way be released from any liability or from any of Trustor's obligations hereunder. Consent to one such transfer shall not be deemed to be a waiver of the right to require consent to future or successive Transfers. As used herein in this Paragraph, "Transfer" includes the sale, installment sale (land-sale contract), transfer, assignment, pledge, gift or grant, conveyance, or further encumbrance of the Property or any portion thereof, or any interest herein, whether voluntary or involuntary, by operation of law or otherwise, or the lease of the entire Kern Medical Center Complex and/or the entire Sagebrush Parcel; provided, however, that the transfer of the Property by Borrower into a trust established by and for Borrower shall not constitute a "Transfer" hereunder.

C. Trustor grants to Beneficiary a security interest in, and pledges and assigns to Beneficiary, all of Trustor's right, title, and interest now or hereafter acquired in and to all of the following described personal property (collectively the "Personalty") as security for the payment and performance of the Secured Obligations:

(1) All tangible personal property of every kind and description, whether now existing or later acquired, including, without limitation, all goods, materials, supplies, tools, books, records, chattels, furniture, fixtures, equipment and machinery, and without limiting the generality of any of the foregoing classifications, including any and all fire sprinkler, alarm, trash compaction, security, heating, ventilation and air conditioning, electrical, plumbing and any other utility, life safety or maintenance system and any and all components or units thereof, and in all cases whether attached to, placed in or on, or used in connection with the use, enjoyment, occupancy, or operation of all or any part of, the Real Property, whether stored on the Real Property or elsewhere;

(2) All general intangibles, relating to the Real Property, ~~and/or any business now or later to be conducted thereon by Trustor,~~ including, without limitation, all permits, licenses and goodwill, all books, records and files, including, without limitation, computer readable memory and data and any computer software or hardware reasonably necessary to access and process such memory and data, all architectural and engineering plans, specifications and drawings, and as-built drawings, which arise from or relate to the Real Property, and/or any of the foregoing property described in Section (C)(1) above, all claims to or demands for the voluntary or involuntary conversion of any of the Real Property or the other property described above into cash or liquidated claims, all proceeds of present and future fire, hazard, or casualty insurance policies, all proceeds of any insurance policies, present and future, payable because of loss sustained to all or part of any Property, whether or not such insurance policies are required by Beneficiary, and all causes of action and their proceeds for any damage or injury to the Real Property or the other property described above or any part of them, or breach of warranty in connection with the construction of any improvements of the Real Property, including causes of action arising in tort, contract, fraud, or concealment of a material fact; and

(3) All substitutions, replacements, additions, accessions, and proceeds for or to any of the foregoing property described in this Section (C).

Trustor agrees to execute and authorizes Beneficiary to file one or more financing statements and such other documents as Beneficiary may from time to time require to perfect or continue the perfection of Beneficiary's security interest in any Personalty. Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. In case Trustor fails to execute any financing statements or other documents for the perfection or continuation of any security interest, Trustor hereby appoints Beneficiary as its true and lawful attorney-in-fact to execute any such documents on its behalf. If any financing statement or other document

is filed in the records normally pertaining to personal property, that filing shall never be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it. Notwithstanding any of the foregoing, provided that Trustor is not in default or breach hereunder, Beneficiary shall cooperate with Trustor to subordinate Beneficiary's financing statements as is reasonably required for Trustor to finance the acquisition or capital leasing of new personal property required for Trustor's operations on the Property.

Except as otherwise provided in this Deed of Trust, so long as no default exists hereunder, Trustor may possess, use, transfer, and dispose of any of the Personalty in the ordinary course of Trustor's business.

This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code covering all Personalty.

D. This Deed of Trust constitutes a fixture filing under Article 9 of the California Uniform Commercial Code, as amended or re-codified from time to time, and covers property which includes goods which are or are to become fixtures on the Property. "Fixtures" shall include all articles of personal property now or hereafter attached to, placed upon for an indefinite term or used in connection with said Real Property, appurtenances and improvements, together with all goods and other property which are or at any time become so related to the Property that an interest in them arises under real estate law.

E. Trustor expressly agrees that until each and every provision, covenant, and condition of this Deed of Trust is fully performed, Trustor shall not be released by or because of:

- (1) Any act or event which might otherwise discharge, reduce, limit, or modify Trustor's obligations under this Deed of Trust;
- (2) Any waiver, extension, modification, forbearance, delay, or other act or omission of Beneficiary, or its failure to proceed promptly or otherwise against Trustor or any security;
- (3) Any action, omission, or circumstance which might increase the likelihood that Trustor may be called upon to perform under this Deed of Trust or which might affect the rights or remedies of Trustor; or
- (4) Any dealings occurring at any time between Trustor and Beneficiary.

Trustor hereby expressly waives and surrenders any defense to its liability under this Deed of Trust based upon any of the foregoing acts, omissions, agreements, waivers, or matters. It is the purpose and intent of this Deed of Trust that the obligations of Trustor under it shall be absolute and unconditional under any and all circumstances.

F. Trustor waives:

- (1) Any right it may have to require Beneficiary to proceed against any other party, proceed against or exhaust any security held from any party, or pursue any other remedy in Beneficiary's power to pursue;
- (2) Any defense based on: (a) any legal disability of any Trustor; or (b) any release, discharge, modification, impairment or limitation of the liability of any Trustor to Beneficiary from any cause, whether consented by the Beneficiary or arising by operation of law or from any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships ("Insolvency

Proceeding”);

(3) Any defense based on any action taken or omitted by Beneficiary in any Insolvency Proceeding involving Trustor, including any election to have Beneficiary’s claim allowed as being secured, partially secured or unsecured, any extension of credit by Beneficiary to Trustor in any Insolvency Proceeding, and the taking and holding by Beneficiary of any security for any such extension of credit; and

(4) All presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first above written.

"TRUSTOR"

KERN COUNTY HOSPITAL AUTHORITY

By: _____

Name: Russell E. Bigler

Title: Chairman, Board of Governors

APPROVED AS TO CONTENT:

Kern County Hospital Authority

By: _____

Name: Russell V. Judd

Title: Chief Executive Officer

APPROVED AS TO FORM:

Legal Services Department

By: _____

Name: Karen S. Barnes

Title: Vice President & General Counsel

Counsel for Kern County Hospital Authority

Trustor's Address:

Kern County Hospital Authority

1700 Mount Vernon Avenue

Bakersfield, CA 93306

#2479111

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

COUNTY OF KERN
GENERAL SERVICES DIVISION
1115 TRUXTUN AVENUE 3D FL
BAKERSFIELD CA 93301

(space above this line for recorder's use)

This document is being recorded to correct the Deed of Trust with Assignment of Rents, document number 000216086956, which recorded on June 30, 2016, to correct the definition of the "Property" as defined in the second paragraph, the date of the Finance & Support Agreement, the remedies set forth in Section B(5), and the description of the security interest granted in Section C(2).

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This **DEED OF TRUST** is made as of **June 30, 2016** between the **KERN COUNTY HOSPITAL AUTHORITY**, a county hospital authority, herein called "Trustor", **TICOR TITLE COMPANY**, herein called "Trustee", and **COUNTY OF KERN**, a political subdivision of the State of California, herein called "Beneficiary":

Trustor irrevocably grants, transfers, and assigns to Trustee in Trust for the benefit of Beneficiary, with Power of Sale and right of entry and possession, the following Property (all or any part of such Property, or any interest in all or any part of it, together with the Personalty (as hereinafter defined) being hereinafter collectively referred to as the "Property"): (a) that certain improved real property located (i) along Mount Vernon Avenue between Ridge Road and Flower Street in Bakersfield, California, which includes improvements and facilities commonly known and referred to as Kern Medical Center, Public Health Department, Probation Headquarters, Coroner's Office, Mary K. Shell Mental Health Clinic, Juvenile Justice Center, and common areas amongst and between these improvements and facilities (collectively, such real property and improvements and facilities thereon shall be referred to herein as the "Kern Medical Center Complex"), as legally described in Exhibit "A" attached hereto and incorporated herein by reference, and (ii) along Columbus Street between Nelson Street and River Boulevard in Bakersfield, California, commonly known as 1111 Columbus Street, Bakersfield, California, and common areas amongst and between these improvements and facilities, which includes improvements and facilities thereon (collectively, such real property and improvements and facilities thereon shall be referred to herein as the "Sagebrush Parcel"), as legally described in Exhibit "A-1" attached hereto and incorporated herein by reference (collectively, both sub-clauses (i) and (ii) are referred to herein as the "Real Property"), together with all existing and future easements and rights affording access to the Real Property; (b) [[reserved]] (c) all Fixtures (as hereinafter defined); (d) all proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Real Property or the other property described above into cash or liquidated claims, and all causes of action and their proceeds for any damage or injury to the Real Property or the other property described above; and (e) all additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

FOR THE PURPOSE OF SECURING the following (collectively referred to herein as the "Secured Obligations"): (1) the repayment and performance of all obligations as set forth in that certain Agreement For Health Care Services, Finance And Support dated July 1, 2016 (the "Finance & Support Agreement"), executed by Trustor in favor of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured; (3) payment of additional sums and interest thereon which may hereafter be owed by Trustor to Beneficiary, or its successors or assigns, when evidenced by a promissory note or notes or agreement or instrument (including, without limitation, the Finance & Support Agreement) reciting that they are secured by this Deed of Trust.

A. To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor agrees:

(1) To keep said Property in the same condition and repair as when acquired by Trustor; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said Property in violation of the law; and to do all other acts which from the character or use of said Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(3) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said Property; when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof, which appear to be prior or superior hereto; and, all costs, fees and expenses of this Deed of Trust. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee may, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said Property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

(4) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof.

B. It is mutually agreed:

(1) That any award of damages in connection with any injury to said Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him or her in any manner permitted under law. Notwithstanding the foregoing, provided that

Trustor is not in default or breach hereunder, in the event of any injury to said Property that materially and adversely impacts or impairs Trustor's operations on the Property, Beneficiary shall release such moneys to Trustor for the sole purpose of Trustor's prompt repair of said injury to and/or or restoration of the Property to a condition that remedies the material and adverse impact or impairment of Trustor's operations thereon.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said Property; consent to making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention of other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such Reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such Reconveyance may be described as "the person or persons legally entitled thereto."

(5) Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Property or any part thereof, in his or her own name sue for or otherwise collect costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said Property, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any covenant or agreement under the Finance & Support Agreement or hereunder, Beneficiary may: (i) declare all sums secured hereby immediately due and payable; (ii) bring an action in any court of competent jurisdiction to foreclose this instrument or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust; (iii) exercise any or all of the remedies granted to a secured party under the California Uniform Commercial Code; and/or (iv) deliver to Trustee a written declaration of default and demand for sale and of written notice of default and of election to cause said Property to be sold, which notice Trustee shall cause to be filed for record. In the event that Trustor exercises its remedy set forth in section (iv) of the previous sentence, Beneficiary also shall deposit with Trustee this Deed of Trust, the Finance & Support Agreement, and all documents evidencing expenditures secured hereby. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee without demand on Trustor, shall sell said Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone the same of all or any portion of said Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or

implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as herein defined, may purchase at such sale. After deducting all costs, fees, and expenses of Trustee and of this Deed of Trust, including cost of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the maximum amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled hereto.

All rights and remedies described in this Deed of Trust shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County where said Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers, and duties. Said instrument must contain the name of the original Trustor, Trustee, and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, and the name and address of the new Trustee.

(8) That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the obligations secured hereby, whether or not named as Beneficiary herein in this Deed of Trust, whenever the context so requires, the masculine gender include the feminine and or the neuter, and the singular number includes the plural.

(9) The Trustee accepts this trust when this Deed of Trust is duly executed and acknowledged, and is made a public record as provided by law. Trustee is not obliged to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

(10) Trustor acknowledges that the transfer or further encumbrance of the Property could significantly and materially alter, impair, or reduce Beneficiary's security for the Secured Obligations. Therefore, in order to induce Beneficiary to make the loans and other undertakings represented by the Finance & Support Agreement, Trustor agrees not to "Transfer" (as defined below) the Property, or any portion thereof, or any interest therein, without the prior written consent of Beneficiary which consent may be withheld in Beneficiary's sole and absolute discretion. If any such consent to Transfer should be given (or if the Property is transferred into a trust established by and for Borrower as discussed below), the transferee shall automatically become subject to and obligated by the Finance & Support Agreement, this Deed of Trust, and any other documents, but Trustor, and any other guarantor of the Secured Obligations shall not in any way be released from any liability or from any of Trustor's obligations hereunder. Consent to one such transfer shall not be deemed to be a waiver of the right to require consent to future or successive Transfers. As used herein in this Paragraph, "Transfer" includes the sale, installment sale (land-sale contract), transfer, assignment, pledge, gift or grant, conveyance, or further encumbrance of the Property or any portion thereof, or any interest herein, whether voluntary or involuntary, by operation of law or otherwise, or the lease of the entire Kern Medical Center Complex and/or the entire Sagebrush Parcel; provided, however, that the transfer of the Property by Borrower into a trust established by and for Borrower shall not constitute a "Transfer" hereunder.

C. Trustor grants to Beneficiary a security interest in, and pledges and assigns to Beneficiary, all of Trustor's right, title, and interest now or hereafter acquired in and to all of the following described personal property (collectively the "Personalty") as security for the payment and performance of the Secured Obligations:

(1) All tangible personal property of every kind and description, whether now existing or later acquired, including, without limitation, all goods, materials, supplies, tools, books, records, chattels, furniture, fixtures, equipment and machinery, and without limiting the generality of any of the foregoing classifications, including any and all fire sprinkler, alarm, trash compaction, security, heating, ventilation and air conditioning, electrical, plumbing and any other utility, life safety or maintenance system and any and all components or units thereof, and in all cases whether attached to, placed in or on, or used in connection with the use, enjoyment, occupancy, or operation of all or any part of, the Real Property, whether stored on the Real Property or elsewhere;

(2) All general intangibles, relating to the Real Property, including, without limitation, all permits, licenses and goodwill, all books, records and files, including, without limitation, computer readable memory and data and any computer software or hardware reasonably necessary to access and process such memory and data, all architectural and engineering plans, specifications and drawings, and as-built drawings, which arise from or relate to the Real Property, and/or any of the foregoing property described in Section (C)(1) above, all claims to or demands for the voluntary or involuntary conversion of any of the Real Property or the other property described above into cash or liquidated claims, all proceeds of present and future fire, hazard, or casualty insurance policies, all proceeds of any insurance policies, present and future, payable because of loss sustained to all or part of any Property, whether or not such insurance policies are required by Beneficiary, and all causes of action and their proceeds for any damage or injury to the Real Property or the other property described above or any part of them, or breach of warranty in connection with the construction of any improvements of the Real Property, including causes of action arising in tort, contract, fraud, or concealment of a material fact; and

(3) All substitutions, replacements, additions, accessions, and proceeds for or to any of the foregoing property described in this Section (C).

Trustor agrees to execute and authorizes Beneficiary to file one or more financing statements and such other documents as Beneficiary may from time to time require to perfect or continue the perfection of Beneficiary's security interest in any Personalty. Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. In case Trustor fails to execute any financing statements or other documents for the perfection or continuation of any security interest, Trustor hereby appoints Beneficiary as its true and lawful attorney-in-fact to execute any such documents on its behalf. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall never be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it. Notwithstanding any of the foregoing, provided that Trustor is not in default or breach hereunder, Beneficiary shall cooperate with Trustor to subordinate Beneficiary's financing statements as is reasonably required for Trustor to finance the acquisition or capital leasing of new personal property required for Trustor's operations on the Property.

Except as otherwise provided in this Deed of Trust, so long as no default exists hereunder, Trustor may possess, use, transfer, and dispose of any of the Personalty in the ordinary course of Trustor's business.

This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code covering all Personalty.

D. This Deed of Trust constitutes a fixture filing under Article 9 of the California Uniform Commercial Code, as amended or re-codified from time to time, and covers property which includes goods which are or are to become fixtures on the Property. "Fixtures" shall include all articles of personal property now or hereafter attached to, placed upon for an indefinite term or used in connection with said Real Property, appurtenances and improvements, together with all goods and other property which are or at any time become so related to the Property that an interest in them arises under real estate law.

E. Trustor expressly agrees that until each and every provision, covenant, and condition of this Deed of Trust is fully performed, Trustor shall not be released by or because of:

- (1) Any act or event which might otherwise discharge, reduce, limit, or modify Trustor's obligations under this Deed of Trust;
- (2) Any waiver, extension, modification, forbearance, delay, or other act or omission of Beneficiary, or its failure to proceed promptly or otherwise against Trustor or any security;
- (3) Any action, omission, or circumstance which might increase the likelihood that Trustor may be called upon to perform under this Deed of Trust or which might affect the rights or remedies of Trustor; or
- (4) Any dealings occurring at any time between Trustor and Beneficiary.

Trustor hereby expressly waives and surrenders any defense to its liability under this Deed of Trust based upon any of the foregoing acts, omissions, agreements, waivers, or matters. It is the purpose and intent of this Deed of Trust that the obligations of Trustor under it shall be absolute and unconditional under any and all circumstances.

F. Trustor waives:

- (1) Any right it may have to require Beneficiary to proceed against any other party, proceed against or exhaust any security held from any party, or pursue any other remedy in Beneficiary's power to pursue;
- (2) Any defense based on: (a) any legal disability of any Trustor; or (b) any release, discharge, modification, impairment or limitation of the liability of any Trustor to Beneficiary from any cause, whether consented by the Beneficiary or arising by operation of law or from any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships ("Insolvency Proceeding");
- (3) Any defense based on any action taken or omitted by Beneficiary in any Insolvency Proceeding involving Trustor, including any election to have Beneficiary's claim allowed as being secured, partially secured or unsecured, any extension of credit by Beneficiary to Trustor in any Insolvency Proceeding, and the taking and holding by Beneficiary of any security for any such extension of credit; and
- (4) All presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first above written.

"TRUSTOR"

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Name: Russell E. Bigler
Title: Chairman, Board of Governors

APPROVED AS TO CONTENT:

Kern County Hospital Authority

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

APPROVED AS TO FORM:

Legal Services Department

By: _____
Name: Karen S. Barnes
Title: Vice President & General Counsel
Counsel for Kern County Hospital Authority

Trustor's Address:

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

#2479111



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

March 20, 2019

Subject: Proposed retroactive Amendment No. 1 to Agreement 716-2016 with the County of Kern for health care services, finance and support

Recommended Action: Approve; Authorize Chairman to sign

Summary:

This is to request your Board's approval of the proposed retroactive Amendment No. 1 to Agreement 716-2016 with the County of Kern for health care services, finance and support, to provide that the Authority will not, at any time on or after March 1, 2019, participate in the County Treasury Pool.

On June 22, 2016, your Board approved the Agreement to provide for certain financial relationships between the County and the Authority following the County's transfer of ownership of Kern Medical to the Authority. The Agreement provides that subject to the approval of the County Treasurer-Tax Collector, the Authority may participate in the County Treasury Pool until the Board of Supervisors authorizes the Authority to establish its own treasury. On February 20, 2019, your Board authorized the Authority to establish its own treasury through PNC Bank, N.A. On February 26, 2019, by resolution the Board of Supervisors authorized the Authority to establish its own treasury outside the County Treasury Pool. Therefore, it is necessary to amend the Agreement to ensure the document is consistent with the actions taken by your Board on February 20, and the Board of Supervisors on February 26.

Therefore, it is recommended that your Board retroactively approve Amendment No. 1 to the Agreement for Health Care Services, Finance and Support with the County of Kern, to provide that the Authority will not, at any time on or after March 1, 2019, participate in the County Treasury Pool, and authorize the Chairman to sign.

**AMENDMENT NO. 1
TO
AGREEMENT FOR HEALTH CARE SERVICES, FINANCE AND SUPPORT
(County of Kern – Kern County Hospital Authority)**

This Amendment No. 1 to the Agreement for Health Care Services, Finance and Support is made and entered into this _____ day of _____, 2019, between the County of Kern, a political subdivision of the state of California (“County”), and the Kern County Hospital Authority, a local unit of government (“Authority”).

RECITALS

(a) The County and the Authority have heretofore entered into an Agreement for Health Care Services, Finance and Support (Kern County Agt. #716-2016) (the “Agreement”), as of July 1, 2016, in order to provide for certain financial relationships between the County and the Authority; and

(b) The Agreement provides that the Authority shall participate in the County Treasury (the “Treasury Pool”) unless and until the Board of Supervisors authorizes the Authority to establish its own treasury; and

(c) Chapter 2.170 of the Kern County Code of Ordinances (such Chapter 2.170, as amended, the “Enabling Ordinance”) provides that the Authority may establish its own treasury outside the Treasury Pool, subject to the prior approval of the Board of Supervisors, provided that, at such time as the Authority so establishes its own treasury outside of the Treasury Pool, the Authority has no temporary transfer amounts outstanding from the Treasury Pool pursuant to Article XVI of the California Constitution; and

(d) The Enabling Ordinance authorizes the Authority to incur indebtedness and provides that the Board of Supervisors shall provide prior approval, unless (1) such debt has a repayment term of less than one year, and (2) such debt is secured only by personal property; and

(e) By resolution adopted on February 20, 2019, the Board of Governors of the Authority found that the Authority has no temporary transfer amounts outstanding from the Treasury Pool pursuant to Article XVI of the California Constitution and found, determined and resolved that it is advisable and in the best interests of the Authority for the Authority to establish its own treasury outside of the Treasury Pool and to incur debt under a proposed line of credit with PNC Bank; and

(f) By resolution adopted on February 26, 2019, the Board of Supervisors authorized the Authority to establish its own treasury outside of the Treasury Pool and approved the Authority’s incurrence of debt under a proposed line of credit with PNC Bank; and

(g) The parties agree to amend certain terms and conditions of the Agreement, as hereinafter set forth, to provide that the Authority shall not, at any time on or after March 1, 2019, participate in the Treasury Pool; and

- (h) The Agreement is amended effective March 1, 2019;

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

1. Section 4, Financial Reporting; Financial Covenants, paragraph d, shall be deleted in its entirety and replaced with the following:

“d. The Authority shall reserve and set aside on its books sufficient collected and anticipated revenue to satisfy the Specified Annual Obligations (as defined below) expected to come due in the current year. For this purpose, the Authority shall subtract from current assets then appearing on its books prepaid expenses and inventory, and the balance of current assets remaining after such subtractions in excess of: (i) all obligations then owed to the County; (ii) the Specified Annual Obligations; and (iii) all other then current liabilities shall qualify as “Surplus Revenues” not subject to the obligation to reserve and shall be available for use by the Authority consistent with its purposes, in its discretion subject to net income for the period being positive, but only from and after such time that the Authority provides its calculation of “Surplus Revenue” by notice to the County. The Specified Annual Obligations for the 2016-2017 year are set out in Schedule 4 hereto. Within 120 days prior to the commencement of each subsequent year, the County shall provide a schedule of Specified Annual Obligations for each such year.”

2. Section 5, Participation in County Treasury, shall be deleted in its entirety and replaced with the following:

“5. Fiscal Year. The Authority shall adopt and maintain a fiscal year beginning July 1 and ending June 30.”

3. Section 6, Financial Support, paragraph b, Cash Flow Loans, shall be deleted in its entirety and replaced with the following:

“b. Cash Flow Loans. The Authority also anticipates that for an initial period of approximately three (3) years, the Authority may rely on the County to make periodic loans to cover cash flow shortfalls (“Cash Flow Loans”). The Board of Supervisors shall review and consider any such requests from the Authority for such periodic Cash Flow Loans, taking into account, among other things, whether the provision of such financial support would adversely affect any obligation or responsibility of the County, whether existing or contemplated. If the County finds the provision of any requested Cash Flow Loan to serve a public purpose and is otherwise appropriate, the Board of Supervisors may, in its discretion, approve any such request and direct the Auditor to transmit funds in the amount so approved from funds under the jurisdiction of the Board of Supervisors. If the Board of Supervisors determines to make a loan to the Authority and it does not otherwise specify the terms and conditions thereof, such

loan shall: (i) accrue interest at the then applicable Treasury pool rate, as revised quarterly, in accordance with the County's policies and procedures; (ii) be repayable as to the outstanding principal balance and accrued interest at such time or times that the County establishes in its discretion; (iii) be evidenced by a promissory note and other documentation in form and substance acceptable to the County, provided by the Authority and approved by the County Administrative Office, including amortization schedule; and (iv) be secured by a security interest in the personal property of the Authority, and a pledge and assignment of the Authority's accounts receivable, all in form and substance satisfactory to the County."

4. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
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 take together shall constitute one and the same instrument.
7. Except as provided herein, all other terms, conditions and covenants of the Agreement shall remain in full force and effect.

[Signatures follow on next page]

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

COUNTY OF KERN

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Supervisors

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
ADMINISTRATIVE OFFICE

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By _____
Nancy Lawson
Assistant County Administrative Officer

By _____
Russell V. Judd
Chief Executive Officer

KERN COUNTY TREASURER-TAX
COLLECTOR

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Jordan Kaufman
Treasurer-Tax Collector

By _____
Karen S. Barnes
VP & General Counsel
Kern County Hospital Authority

KERN COUNTY AUDITOR-
CONTROLLER-COUNTY CLERK

By _____
Mary B. Bedard
Auditor-Controller-County Clerk

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By _____
Margo A. Raison
County Counsel



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

March 20, 2019

Subject: Proposed Agreement with Orestes A. Alvarez-Jacinto, M.D., for professional medical services in the Department of Obstetrics and Gynecology

Recommended Action: Approve; Authorize Chairman to sign

Summary: Kern Medical requests your Board approve an agreement with Orestes A. Alvarez-Jacinto, M.D., for professional medical services in the Department of Obstetrics and Gynecology. Dr. Alvarez-Jacinto will serve as a full-time faculty member in the Department as well as the Department Program Director and Vice-Chair of Education.

The proposed Agreement is for an initial term of three-years from March 20, 2019 through March 19, 2022.

Annual Salary	\$300,000 base salary for teaching and administrative duties and as payment for care of Kern Medical patients
Program Director Stipend	Not to exceed \$65,000 annually
Vice Chair of Education	Not to exceed \$65,000 annually

The maximum payable will not to exceed \$1,575,000 over the three-year initial term of the Agreement.

Dr. Alvarez-Jacinto's annual salary is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Alvarez-Jacinto.

Therefore, it is recommended that your Board approve the Agreement with Orestes A. Alvarez-Jacinto, M.D., for professional medical services in the Department of Obstetrics and Gynecology from March 20, 2019 through March 19, 2022, in an amount not to exceed \$1,575,000 over the three-year term, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Orestes A. Alvarez-Jacinto, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Orestes A. Alvarez-Jacinto, M.D. (“Physician”).

**I.
RECITALS**

(a) Authority is authorized, pursuant to section 101852 of Part 4 of Division 101 of the Health and Safety Code, to contract for special services with individuals specially trained, experienced, expert, and competent to perform those services; and

(b) Authority requires the assistance of Physician to provide professional medical and administrative services in the Department of Obstetrics and Gynecology at KMC (the “Department”), as such services are unavailable from Authority resources, and Physician desires to accept employment on the terms and conditions set forth in this Agreement; and

(c) Physician has special training, knowledge and experience to provide such services; and

(d) Authority currently contracts with Physician as a contract employee for the provision of professional medical services in the Department and teaching services to resident physicians employed by Authority (Kern County Agt. #623-2016, dated June 7, 2016, as amended and assigned), for the period August 8, 2016 through August 7, 2019; and

(e) Each party expressly understands and agrees that Kern County Agt. #623-2016 is superseded by this Agreement as of the Commencement Date;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The initial term of this Agreement (“Initial Term”) shall be for a period of three (3) years, commencing as of March 20, 2019 (the “Commencement Date”). At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for two (2) additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

2. **Employment.** Authority hereby employs Physician as Vice Chair of Education, Department of Obstetrics and Gynecology and for the practice of medicine in the care and treatment of patients at KMC, or at such other clinic sites as KMC may designate (collectively referred to as the “Practice Sites”). It is expressly understood and agreed that KMC shall have reasonable discretion to consolidate and relocate clinics operated by Authority and to re-designate Practice Sites served by Physician from time to time. Physician shall be subject to Authority’s employment policies, directives, rules and regulations as promulgated by Authority from time to time, including, but not limited to, those pertaining to employees.

3. **Representations and Warranties.** Physician represents and warrants to Authority and KMC, upon execution and throughout the Term of this Agreement, as follows: (i) Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement; (ii) Physician’s license to practice medicine in the state of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to the terms of probation or other restriction; (iii) Physician’s medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; (iv) Physician holds a valid Controlled Substance Registration Certificate issued by the Drug Enforcement Administration that has never been revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (v) Physician is not currently and has never been an Ineligible Person¹; (vi) Physician is not currently the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; and (vii) Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in the state of California and staff membership and privileges at KMC.

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis exclusively as an exempt employee of Authority. Physician shall render those services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference.

4.2 **Use of Premises.** Physician shall use the Practice Sites as designated by Authority or KMC exclusively for the practice of medicine in the care and treatment of patients and shall comply with all applicable federal, state, and local laws, rules and regulations related thereto.

4.3 **Qualifications.**

4.3.1 **Licensure.** Physician shall maintain a current valid license to practice medicine in the state of California at all times during the Term of this Agreement.

¹ An “Ineligible Person” is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

4.3.2 Board Certification. Physician shall be board certified by the American Board of Obstetrics and Gynecology in obstetrics and gynecology-general and maintain such certifications at all times during the Term of this Agreement.

4.3.3 Medical Staff Status. Physician shall at all times during the Term of this Agreement be a member in good standing of the KMC medical staff with “active” staff status and hold all clinical privileges on the active medical staff appropriate to the discharge of his obligations under this Agreement.

4.3.4 TJC and ACGME Compliance. Physician shall observe and comply with all applicable standards and recommendations of The Joint Commission and Accreditation Council for Graduate Medical Education.

4.4 Loss or Limitation. Physician shall notify KMC in writing as soon as possible (but in any event within three (3) business days) after any of the following events occur: (i) Physician’s license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (ii) Physician’s medical staff privileges at KMC or any other health care facility are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (iii) Physician’s Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (iv) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (v) Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (vi) an event occurs that substantially interrupts all or a portion of Physician’s professional practice or that materially adversely affects Physician’s ability to perform Physician’s obligations hereunder.

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for physicians established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

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

agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

4.7 Authorization to Release Information. Physician hereby authorizes Managed Care Organizations, government programs, hospitals and other third parties to release to KMC and its agents any information requested by KMC or its agents from time to time relating to Physician's professional qualifications or competency. Physician agrees to execute the Authorization to Release Information in the form set forth in Exhibit "B," attached hereto and incorporated herein by this reference, and to execute all other documents required by KMC from time to time and to otherwise fully cooperate with KMC to enable KMC and its agents to obtain such information from third parties.

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC medical staff bylaws, rules, regulations, and policies. Documentation by Physician shall conform to the requirements for evaluation and management (E/M) services billed by teaching physicians set forth in the Medicare Carriers Manual, Part 3, sections 15016-15018, inclusive. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

4.9 Physician Private Practice. Physician understands and agrees that he shall not enter into any other physician employment contract or otherwise engage in the private practice of medicine or provide similar services to other organizations, directly or indirectly, during the Term of this Agreement or any extensions thereof.

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician's activities, Physician, through the nature of his work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person, hospital, firm, partnership, entity or organization (except when authorized in writing by KMC) any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

4.11 Physician Covenants. Physician covenants that from the Commencement Date and continuing throughout the Term of this Agreement, Physician, unless otherwise permitted by the written consent of Authority shall not, on Physician's own account or as an employee, landlord, lender, trustee, associate, consultant, partner, agent, principal, contractor, owner, officer, director, investor, member or stockholder of any other person, or in any other capacity, directly or indirectly, in whole or in part: (i) engage in any activities that are in competition with KMC, including the operation of any medical practice or offering of any medical services that are similar to services offered at the Practice Sites; (ii) solicit or encourage the resignation of any employee of Authority or KMC with whom Physician had a working relationship during Physician's employment with Authority; (iii) solicit or divert patients with whom Physician had personal contact during such employment; or (iv) influence or attempt to influence any payer, provider or other person or entity to cease, reduce or alter any business relationship with Authority or KMC relating to the Practice Sites.

5. Compensation Package.

5.1 Annual Compensation. Physician shall work full time, which is a minimum of 80 hours per biweekly pay period, and will be compensated with cash and other value as described below in this paragraph 5.1 ("Annual Salary").

5.1.1 Annual Salary. Authority shall pay Physician an Annual Salary comprised of (i) a base salary for teaching and administrative duties and (ii) payment for care of KMC patients in the amount of \$300,000 per year, to be paid as follows: Physician shall be paid \$11,538.46 biweekly not to exceed \$300,000 annually. Physician understands and agrees that (i) the annual salary set forth in this paragraph 5.1 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey ("MGMA Survey") for specialty and (ii) Physician will maintain a median level of worked relative value units ("Worked RVU") based on the current MGMA Survey and fulfill all the duties set forth in Exhibit "A" during the term of this Agreement.

5.1.2 Biweekly Payment. Physician shall be paid biweekly on the same schedule as regular Authority employees. The exact date of said biweekly payments shall be at the sole discretion of Authority. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.1.3 Fair Market Value Compensation. The compensation provided under section 5.1 represents the parties' good faith determination of the reasonable fair market value compensation for the services to be provided by Physician under this Agreement.

5.2 Call Coverage. Authority shall pay Physician for call coverage as follows: (i) Physician shall be paid a fixed fee in the amount of \$2,400 per 24-hour day for weekend and holiday call coverage assigned (Saturday and Sunday; designated Authority holidays only); (ii) Physician shall be paid a fixed fee in the amount of \$1,200 for every weekday night of call coverage assigned (Monday through Friday); and (iii) Physician shall be paid a fixed fee in the

amount of \$500 for backup coverage if called to come to the hospital. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.3 Stipends.

5.3.1 Associate Program Director. Effective March 20, 2019 and continuing through June 30, 2019, Authority shall pay Physician a stipend of \$1,346.15 biweekly, which equates to \$35,000 annually, for services as Associate Program Director for the Department. Physician understands and agrees that he must remain in the position of Associate Program Director as of each biweekly payout date in order to earn and receive the stipend.

5.3.2 Vice Chair of Education. Effective July 1, 2019, Authority shall pay Physician an annual stipend of \$2,500 biweekly not to exceed \$65,000 annually for services as Vice Chair of Education for the Department. Physician understands and agrees that he must remain in the position of Vice Chair of Education as of each biweekly payout date in order to earn and receive the stipend.

5.3.3 Program Director. Effective July 1, 2019, Authority shall pay Physician an annual stipend of \$2,500 biweekly not to exceed \$65,000 annually for services as Program Director for the Department. Physician understands and agrees that he must remain in the position of Program Director as of each biweekly payout date in order to earn and receive the stipend.

5.3.4 Taxes. All stipend payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.4 Quality Bonus. Upon satisfaction of the relevant criteria set forth below and subject to the other terms and conditions set forth in this Agreement, in addition to the Annual Salary set forth in paragraph 5.1, Physician shall be eligible to receive a quality bonus based on the following measures:

5.4.1 Quality/Safety Measure(s). Physician shall be eligible to receive a quality bonus in an amount not to exceed \$12,500 each Employment Year if Physician achieves certain quality/safety measure(s). Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30. The first quality bonus, if any, shall be paid for the 12 months ending June 30, 2019. If multiple measures are used (i.e., more than one measure annually), the annual bonus amount of \$12,500 shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved.

5.4.2 Patient Satisfaction Measure(s). Physician shall be eligible to receive a quality bonus in an amount not to exceed \$12,500 each Employment Year if Physician achieves certain patient satisfaction measure(s). Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30.

The first quality bonus, if any, shall be paid for the 12 months ending June 30, 2019. If multiple measures are used (i.e., more than one measure annually), the annual bonus amount of \$12,500 shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved.

5.4.3 Criteria for Payment. Physician understands and agrees that he must remain actively employed by Authority and in compliance with Authority policies and directives concerning job performance and conduct as of each payout date in order to earn and receive the quality bonus payment. All quality bonus payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.”

5.5 Professional Fee Billing.

5.5.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation, both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician’s private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

5.5.2 Remittance of Professional Fee Charges. Physician shall remit all professional fee charges to KMC within 45 days of the date direct patient care services are provided by Physician. Any professional fee charges not remitted by Physician to KMC within 45 days of the date of such service, or any charges for which relevant documentation has not been provided, will not be credited to Physician as Worked RVU.

5.6 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,575,000 over the three-year Initial Term of this Agreement.

6. Benefits Package.

6.1 Retirement. Physician shall continue to participate in the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (f/k/a Kern County Pension Plan for Physician Employees) (the “Plan”), a qualified defined contribution pension plan, pursuant to the terms of the instrument under which the Plan has been established, as from time to time amended. Physician is not eligible to participate in any other retirement plan established by Authority for its employees, including but not limited to the Kern County Employees’ Retirement Association, and this Agreement does not confer upon Physician any right to claim entitlement to benefits under any such retirement plan(s).

6.2 Health Care Coverage. Physician shall continue to receive the same health benefits (medical, dental, prescription and vision coverage) as all eligible Authority employees. The employee share of cost is 20% of the current biweekly premium. Physician's initial hire date is the initial opportunity to enroll in the health plan. Physician must work at least 40 hours per biweekly pay period to be eligible for coverage.

6.3 Holidays. Physician shall be entitled to paid holidays subject to Authority policy, as amended from time to time. Physician will not be paid for banked holidays upon termination of employment.

6.4 Vacation. Physician shall retain his vacation leave credit balance, if any, as of the Commencement Date. Effective with the Commencement Date, Physician shall be entitled to vacation leave subject to Authority policy, as amended from time to time. Physician shall be paid for accrued and unused vacation leave, if any, upon termination or expiration of this Agreement calculated at Physician's current hourly rate (i.e., current Annual Salary divided by 2080 hours = hourly rate). All payments made by Authority to Physician under this paragraph will be subject to all applicable federal and state taxes and withholding requirements.

6.5 Sick Leave. Physician shall retain his sick leave credit balance, if any, as of the Commencement Date. Effective with the Commencement Date, Physician shall be entitled to sick leave subject to Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.

6.6 Education Leave. Physician shall receive 80 hours paid education leave annually. The first 80 hours will accrue on the Commencement Date. On each successive Employment Year, if any, an additional 80 hours paid education leave will accrue. Education leave must be used within the year that it is accrued. Physician will not be paid for unused education leave upon termination of employment. The Department chair must approve education leave in advance of use. Physician's participation in educational programs, services or other approved activities set forth herein shall be subordinate to Physician's obligations and duties under this Agreement.

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$2,500 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

6.8 Kern\$Flex. Physician shall be eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician

and the Department chair. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

6.10 Unpaid Leave of Absence. Physician may take an unpaid leave of absence in accordance with Authority policies in effect at the time the leave is taken.

6.11 Social Security. Physician is exempt from payment of Social Security taxes as the Kern County Hospital Authority Defined Contribution Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

6.12 Deferred Compensation. Physician shall be eligible to participate in the Kern County Deferred Compensation Plan ("457 Plan") on a pre-tax basis. Physician shall make all contributions if he elects to participate in the 457 Plan.

6.13 Disability Insurance. Physician shall be eligible to purchase Long Term Disability or Short Term Disability insurance coverage through payroll deduction on a post-tax basis. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.14 Employee Assistance/Wellness Programs. Physician shall be eligible to participate in any Authority-sponsored employee assistance and employee wellness programs.

6.15 Limitation on Benefits. Except as expressly stated herein, Physician shall receive no other benefits from Authority.

7. Assignment. Physician shall not assign or transfer this Agreement or his obligations hereunder or any part thereof. Physician shall not assign any money due or which becomes due to Physician under this Agreement without the prior written approval of Authority.

8. Assistance in Litigation. Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.

9. Authority to Incur Financial Obligation. It is understood that Physician, in his performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.

10. Captions and Interpretation. Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

11. Choice of Law/Venue. This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.

12. **Compliance with Law.** Physician shall observe and comply with all applicable Authority, local, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which is hereby made a part hereof and incorporated herein by reference.
13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.
14. **Conflict of Interest.** Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.
15. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
16. **Dispute Resolution.** In the event of any dispute involving the enforcement or interpretation of this Agreement or any of the rights or obligations arising hereunder, the parties shall first attempt to resolve their differences by mediation before a mediator of their mutual selection. If the parties are, after mutual good faith efforts, unable to resolve their differences by mediation, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, section 21 of the California Constitution and Rules 3.810 through 3.830 of the California Rules of Court. All costs of any dispute resolution procedure shall be borne equally by the parties.
17. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to Authority is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.
18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician rendered on behalf of Authority; provided, however, that the provisions of this paragraph shall not apply to any services rendered at any location other than Practice Sites without approval by the Kern

County Hospital Authority Board of Governors and, provided further, that Authority shall have no duty or obligation to defend, indemnify, or hold Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

19. **Invalidity of a Portion.** Should a portion, section, paragraph, or term of this Agreement be construed as invalid by a court of competent jurisdiction, or a competent state or federal agency, the balance of the Agreement shall remain in full force and effect. Further, to the extent any term or portion of this Agreement is found invalid, void or inoperative, the parties agree that a court may construe the Agreement in such a manner as will carry into force and effect the intent appearing herein.

20. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

21. **Non-appropriation.** Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Physician, 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. Physician shall be given 30 days' prior written notice in the event that Authority requires such an action.

22. **Nondiscrimination.** No party to this Agreement shall discriminate on the basis of race, color, religion, sex, national origin, age, marital status or sexual orientation, ancestry, physical or mental disability, medical conditions, political affiliation, veteran's status, citizenship or marital or domestic partnership status or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.

23. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of Authority. Forbearance or indulgence by Authority in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Physician. Authority shall be entitled to invoke any remedy available to Authority under this Agreement or by law or in equity despite said forbearance or indulgence.

24. **Notices.** Notices to be given by one party to the other under this Agreement shall be given in writing by personal delivery, by certified mail, return receipt requested, or express delivery service at the addresses specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received four (4) days after deposit. A party may change the address to which notice is to be given by giving notice as provided above.

Notice to Physician:

Orestes A. Alvarez-Jacinto, M.D.
5505 Via Sorrento
Bakersfield, California 93306

Notice to Authority:

Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93306
Attn.: Chief Executive Officer

25. **Relationship.** Authority and Physician recognize that Physician is rendering specialized, professional services. The parties recognize that each is possessed of legal knowledge and skill, and that this Agreement is fully understood by the parties, and is the result of bargaining between the parties. Each party acknowledges their opportunity to fully and independently review and consider this Agreement and affirm complete understanding of the effect and operation of its terms prior to entering into the same.

26. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the state of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

27. **Sole Agreement.** This Agreement contains the entire agreement between the parties relating to the services, rights, obligations, and covenants contained herein and assumed by the parties respectively. No inducements, representations, or promises have been made, other than those recited in this Agreement. No oral promise, modification, change, or inducement shall be effective or given any force or effect.

28. **Termination.**

28.1 **Termination without Cause.** Either party shall have the right to terminate this Agreement, without penalty or cause, by giving not less than 90 days' prior written notice to the other party.

28.2 **Immediate Termination.** Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events ("Event of Default"): (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician

engages in conduct that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

29.1 **Payment Obligations.** In the event of termination of this Agreement for any reason, Authority shall have no further obligation to pay for any services rendered or expenses incurred by Physician after the effective date of the termination, and Physician shall be entitled to receive compensation for services satisfactorily rendered, calculated on a prorated basis up to the effective date of termination.

29.2 **Vacate Premises.** Upon expiration or earlier termination of this Agreement, Physician shall immediately vacate KMC, removing at such time any and all personal property of Physician. KMC may remove and store, at the expense of Physician, any personal property that Physician has not so removed.

29.3 **No Interference.** Following the expiration or earlier termination of this Agreement, Physician shall not do anything or cause any person to do anything that might interfere with any efforts by Authority or KMC to contract with any other individual or entity for the provision of services or to interfere in any way with any relationship between KMC and any person who may replace Physician.

29.4 **No Hearing Rights.** Termination of this Agreement by Authority or KMC for any reason shall not provide Physician the right to a fair hearing or the other rights more particularly set forth in the KMC medical staff bylaws.

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

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Agreement as of the day and year first written above.

PHYSICIAN

By: _____
Orestes A. Alvarez-Jacinto, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By: _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By: _____
VP & General Counsel
Kern County Hospital Authority

Agreement.Alvarez-Jacinto.030619

EXHIBIT “A”
Job Description
Orestes A. Alvarez-Jacinto, M.D.

Position Description: Reports to Chair, Department of Obstetrics and Gynecology; serves as a full-time faculty member in the Department; provides no fewer than 80 hours per pay period of service.

Essential Functions:

1. Clinical Responsibilities

- Supervises residents while on service
- Provides services in the outpatient clinics
- Provides medical, surgical and obstetrical services
- Provides mutually agreed upon weekday and weekend after hours call coverage
- Supervises procedures performed by residents and mid-levels while on service
- Performs therapeutic and diagnostic procedures within the scope of practice for an obstetrician and gynecologist while on service

2. Medical Education; Academic Responsibilities

- Provides clinical mentoring to and evaluation of residents and medical students
- Establishes and maintains academic appointment at David Geffen School of Medicine at University of California, Los Angeles

3. Teaching Responsibilities

- Participates in morning report, morbidity and mortality conference, board review, and Journal Club
- Participates in bedside and clinic teaching of residents and medical students
- Participates in didactic lectures

4. Administrative Responsibilities

- Participates in board reviews and Department quality improvement activities
- Participates in development of Department curriculum
- Performs other duties as assigned by the Department chair

5. Committee Assignments

- Attends Department staff meetings and the annual medical staff meeting
- Participates in Medical Staff committees as assigned by the President of the Medical Staff

6. Associate Program Director Responsibilities (March 20, 2019 through June 30, 2019)

- Supports the planning and implementation of program goals to fulfill the mission of the hospital, program, or institution
- Assists the Program Director in the resident evaluation process, as required by the program and Residency Review Committee
- Assists the Program Director in monitoring duty hours of residents and counsels residents when needed

- Resolves residency-related problems through written or oral communication, under the guidance of the Program Director
- Assists the Program Director in the recruitment of trainees
- Assists the Program Director in setting up a mentoring system for residents with faculty
- Assists the Program Director in ensuring that residents are meeting program and Residency Review Committee requirements to be eligible to sit for the board examination upon residency completion
- Performs other duties as assigned or necessary to support the residency program

7. Program Director and Vice Chair of Education Responsibilities (effective July 1, 2019)

- Assumes responsibility and accountability for the operation of the residency and educational programs within the Department
- Administers and maintains an environment conducive to educating residents, which includes responsibility to:
 - Oversee and ensure the quality of didactic and clinical education
 - Evaluate program faculty
 - Monitor resident supervision
 - Prepare and submit information required and requested by the ACGME
 - Ensure compliance with grievance and due process procedures as set forth in the Institutional Requirements in accordance with KMC policies and procedures
 - Provide verification of resident education
 - Implement policies and procedures consistent with KMC and program requirements for resident duty hours and the working environment, including moonlighting
 - Comply with KMC written policies and procedures, including those specified in the Institutional Requirements for selection, evaluation and promotion of residents, disciplinary action, and supervision of residents
 - Be familiar with and comply with ACGME and Resident Review Committee policies and procedures as outlined in the ACGME Manual of Policies and Procedures

Employment Standards:

Completion of an accredited residency program in obstetrics and gynecology; one (1) year of post-residency experience in obstetrics and gynecology desirable

AND

Possession of a current valid Physician's and Surgeon's Certificate issued by the state of California

AND

Certification by the American Board of Obstetrics and Gynecology in obstetrics and gynecology-general

Knowledge of: The principles and practices of modern medicine; current techniques, procedures, and equipment applicable to obstetrics and gynecology; principles of effective supervision and program development.

[Intentionally left blank]

EXHIBIT “B”
AUTHORIZATION TO RELEASE INFORMATION

[Attached]

AUTHORIZATION TO RELEASE INFORMATION

I, the undersigned physician, hereby authorize Kern Medical Center (“KMC”) and its duly authorized representatives to obtain information from time to time about my professional education, training, licensure, credentials competence, ethics and character from any source having such information. This information may include, without limitation, peer review information, DRG and RVU analyses, ancillary usage information and other utilization and quality related data.

I hereby release the Kern County Hospital Authority and KMC, its authorized representatives and any third parties from any liability for actions, recommendations, statements, reports, records or disclosures, including privileged and confidential information, involving me that are made, requested, taken or received by KMC or its authorized representatives to, from or by any third parties in good faith and relating to or arising from my professional conduct, character and capabilities.

I agree that this authorization to release information shall remain effective until termination of my employment by the Kern County Hospital Authority and KMC. A duplicate of this authorization may be relied upon to the same degree as the original by any third party providing information pursuant to this request.

Physician

Date



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

March 20, 2019

Subject: Proposed Agreement with Antony Minasaghanian, M.D., for professional medical services in the Department of Radiology

Recommended Action: Approve; Authorize Chairman to sign

Summary: Kern Medical requests your Board approve an agreement with Antony Minasaghanian, M.D., for professional medical services in the Department of Radiology. Dr. Minasaghanian will serve as a full-time Radiologist providing diagnostic radiology and special procedures with an emphasis on musculoskeletal imaging services.

The proposed Agreement is for an initial term of three-years from June 8, 2019 through June 7, 2022.

Annual Salary	\$495,000 base salary for teaching and administrative duties and as payment for care of Kern Medical patients, not to exceed \$584,000 annually
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The maximum payable will not to exceed \$1,750,000 over the three-year initial term of the Agreement.

Dr. Minasaghanian's annual salary is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Minasaghanian.

Therefore, it is recommended that your Board approve the Agreement with Antony Minasaghanian, M.D., for professional medical services in the Department of Radiology from June 8, 2019 through June 7, 2022, in an amount not to exceed \$1,750,000 over the three-year term, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Antony Minasaghanian, M.D.)**

This Agreement is made and entered into this _____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Antony Minasaghanian, M.D. (“Physician”).

**I.
RECITALS**

(a) Authority is authorized, pursuant to section 101852 of Part 4 of Division 101 of the Health and Safety Code, to contract for special services with individuals specially trained, experienced, expert, and competent to perform those services; and

(b) Authority requires the assistance of Physician to provide professional medical services in the Department of Radiology at KMC (the “Department”), as such services are unavailable from Authority resources, and Physician desires to accept employment on the terms and conditions set forth in this Agreement; and

(c) Physician has special training, knowledge and experience to provide such services; and

(d) Authority currently contracts with Physician as an independent contractor for the provision of professional medical services in the Department (Agt. #30218, dated July 22, 2018), for the period July 22, 2018 through July 21, 2019; and

(e) Each party expressly understands and agrees that Agt. #30218 is superseded by this Agreement as of the Commencement Date;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The initial term of this Agreement (“Initial Term”) shall be for a period of three (3) years, commencing as of June 8, 2019 (the “Commencement Date”). At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for two (2) additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

2. **Employment.** Authority hereby employs Physician for the practice of medicine in the care and treatment of patients at KMC, or at such other clinic sites as KMC may designate (collectively referred to as the “Practice Sites”). It is expressly understood and agreed that KMC shall have reasonable discretion to consolidate and relocate clinics operated by Authority and to re-designate Practice Sites served by Physician from time to time. Physician shall be subject to Authority’s employment policies, directives, rules and regulations as promulgated by Authority from time to time, including, but not limited to, those pertaining to employees.

3. **Representations and Warranties.** Physician represents and warrants to Authority and KMC, upon execution and throughout the Term of this Agreement, as follows: (i) Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement; (ii) Physician’s license to practice medicine in the state of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to the terms of probation or other restriction; (iii) Physician’s medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; (iv) Physician holds a valid Controlled Substance Registration Certificate issued by the Drug Enforcement Administration that has never been revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (v) Physician is not currently and has never been an Ineligible Person¹; (vi) Physician is not currently the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; and (vii) Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in the state of California and staff membership and privileges at KMC.

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis exclusively as an exempt employee of Authority. Physician shall render those services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference.

4.2 **Use of Premises.** Physician shall use the Practice Sites as designated by Authority or KMC exclusively for the practice of medicine in the care and treatment of patients and shall comply with all applicable federal, state, and local laws, rules and regulations related thereto.

4.3 **Qualifications.**

4.3.1 **Licensure.** Physician shall maintain a current valid license to practice medicine in the state of California at all times during the Term of this Agreement.

¹ An “Ineligible Person” is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

4.3.2 Board Certification. Physician shall be board certified by the American Board of Radiology in diagnostic radiology-general and maintain such certification at all times during the Term of this Agreement.

4.3.3 Medical Staff Status. Physician shall at all times during the Term of this Agreement be a member in good standing of the KMC medical staff with “active” staff status and hold all clinical privileges on the active medical staff appropriate to the discharge of his obligations under this Agreement.

4.3.4 TJC and ACGME Compliance. Physician shall observe and comply with all applicable standards and recommendations of The Joint Commission and Accreditation Council for Graduate Medical Education.

4.4 Loss or Limitation. Physician shall notify KMC in writing as soon as possible (but in any event within three (3) business days) after any of the following events occur: (i) Physician’s license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (ii) Physician’s medical staff privileges at KMC or any other health care facility are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (iii) Physician’s Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (iv) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (v) Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (vi) an event occurs that substantially interrupts all or a portion of Physician’s professional practice or that materially adversely affects Physician’s ability to perform Physician’s obligations hereunder.

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for physicians established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

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

agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

4.7 Authorization to Release Information. Physician hereby authorizes Managed Care Organizations, government programs, hospitals and other third parties to release to KMC and its agents any information requested by KMC or its agents from time to time relating to Physician's professional qualifications or competency. Physician agrees to execute the Authorization to Release Information in the form set forth in Exhibit "B," attached hereto and incorporated herein by this reference, and to execute all other documents required by KMC from time to time and to otherwise fully cooperate with KMC to enable KMC and its agents to obtain such information from third parties.

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC medical staff bylaws, rules, regulations, and policies. Documentation by Physician shall conform to the requirements for evaluation and management (E/M) services billed by teaching physicians set forth in the Medicare Carriers Manual, Part 3, sections 15016-15018, inclusive. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

4.9 Physician Private Practice. Physician understands and agrees that he shall not enter into any other physician employment contract or otherwise engage in the private practice of medicine or provide similar services to other organizations, directly or indirectly, during the Term of this Agreement or any extensions thereof.

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician's activities, Physician, through the nature of his work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person, hospital, firm, partnership, entity or organization (except when authorized in writing by KMC) any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

4.11 Physician Covenants. Physician covenants that from the Commencement Date and continuing throughout the Term of this Agreement, Physician, unless otherwise permitted by the written consent of Authority shall not, on Physician's own account or as an employee, landlord, lender, trustee, associate, consultant, partner, agent, principal, contractor, owner, officer, director, investor, member or stockholder of any other person, or in any other capacity, directly or indirectly, in whole or in part: (i) engage in any activities that are in competition with KMC, including the operation of any medical practice or offering of any medical services that are similar to services offered at the Practice Sites; (ii) solicit or encourage the resignation of any employee of Authority or KMC with whom Physician had a working relationship during Physician's employment with Authority; (iii) solicit or divert patients with whom Physician had personal contact during such employment; or (iv) influence or attempt to influence any payer, provider or other person or entity to cease, reduce or alter any business relationship with Authority or KMC relating to the Practice Sites.

5. Compensation Package.

5.1 Annual Compensation. Physician shall work full time, which is a minimum of 80 hours per biweekly pay period, and will be compensated with cash and other value as described below in this paragraph 5.1 ("Annual Salary").

5.1.1 Annual Salary. Authority shall pay Physician an Annual Salary comprised of (i) a base salary for teaching and administrative duties and (ii) payment for care of KMC patients in the amount of \$495,000 per year, to be paid as follows: Physician shall be paid \$19,038.46 biweekly not to exceed \$495,000 annually. Physician understands and agrees that (i) the annual salary set forth in this paragraph 5.1 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey ("MGMA Survey") for specialty and (ii) Physician will maintain a median level of worked relative value units ("Worked RVU") based on the current MGMA Survey and fulfill all the duties set forth in Exhibit "A" during the term of this Agreement.

5.1.2 Biweekly Payment. Physician shall be paid biweekly on the same schedule as regular Authority employees. The exact date of said biweekly payments shall be at the sole discretion of Authority. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.1.3 Fair Market Value Compensation. The compensation provided under section 5.1 represents the parties' good faith determination of the reasonable fair market value compensation for the services to be provided by Physician under this Agreement.

5.2 Additional Shifts.

5.2.1 Weekday Coverage. Authority shall pay Physician for additional shifts as follows: Physician shall be paid a fixed fee in the amount of \$1,700 for every weekday shift (Monday-Friday) that exceeds 20 eight-hour shifts per month or 16 10-hour shifts per month.

5.2.2 Weekend Coverage. Authority shall pay Physician for additional shifts as follows: Physician shall be paid a fixed fee in the amount of \$1,900 for every weekend shift (Saturday and Sunday) that exceeds 20 eight-hour shifts per month or 16 10-hour shifts per month.

5.2.3 Taxes. All payments made by Authority to Physician for additional shifts shall be subject to all applicable federal and state taxes and withholding requirements.

5.3 Starting Bonus.

5.3.1 Bonus. Physician shall receive a starting bonus in the amount of \$ 15,000, less all applicable federal and state taxes and withholdings, payable within 10 business days of the Commencement Date. Physician shall forfeit the starting bonus if he fails to report to work on the Commencement Date.

5.3.2 Repayment. In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever before the first anniversary of this Agreement, Physician will repay to Authority an amount equal to \$15,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within 30 days of the effective date of his termination of employment with Authority.

5.3.3 Offset. Physician hereby authorizes Authority to offset against and reduce any amounts otherwise due to Physician for any amounts in respect of the obligation to repay the starting bonus.

5.4 Retention Bonus.

5.4.1 Bonus. Physician shall be paid an annual retention bonus in the amount of \$10,000, less all applicable federal and state taxes and withholdings, payable within 30 days of the end of each Employment Year. If the conditions for Physician to receive the retention bonus are met, the retention bonus would become payable to Physician on June 8, 2020, and each June 8 thereafter.

5.4.2 Repayment. In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever during an Employment Year in which a retention bonus is paid, Physician will repay to Authority an amount equal to \$10,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within 30 days of the effective date of his termination of employment with Authority.

5.4.3 Offset. Physician hereby authorizes Authority to offset against and reduce any amounts otherwise due to Physician for any amounts in respect of the obligation to repay the retention bonus.

5.5 Professional Fee Billing.

5.5.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation, both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician's private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

5.5.2 Remittance of Professional Fee Charges. Physician shall remit all professional fee charges to KMC within 45 days of the date direct patient care services are provided by Physician. Any professional fee charges not remitted by Physician to KMC within 45 days of the date of such service, or any charges for which relevant documentation has not been provided, will not be credited to Physician as Worked RVU.

5.6 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,750,000 over the three-year Initial Term of this Agreement.

6. Benefits Package.

6.1 Retirement. Physician shall participate in the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (the "Plan"), a qualified defined contribution pension plan, pursuant to the terms of the instrument under which the Plan has been established, as from time to time amended. Physician is not eligible to participate in any other retirement plan established by Authority for its employees, including but not limited to the Kern County Employees' Retirement Association, and this Agreement does not confer upon Physician any right to claim entitlement to benefits under any such retirement plan(s).

6.2 Health Care Coverage. Physician shall receive the same health benefits (medical, dental, prescription and vision coverage) as all eligible Authority employees. The employee share of cost is 20% of the current biweekly premium. Physician is eligible for coverage the first day of the biweekly payroll period coincident with or next following the day he completes one (1) month of continuous service. Physician's initial hire date is the initial opportunity to enroll in the health plan. Physician must work at least 40 hours per biweekly pay period to be eligible for coverage.

6.3 Holidays. Physician shall be entitled to paid holidays subject to Authority policy, as amended from time to time. Physician will not be paid for banked holidays upon termination of employment.

6.4 Vacation. Physician shall be entitled to vacation leave subject to Authority policy, as amended from time to time. Physician shall be paid for accrued and unused vacation leave, if any, upon termination or expiration of this Agreement calculated at Physician's current hourly rate (i.e., current Annual Salary divided by 2080 hours = hourly rate). All payments made by Authority to Physician under this paragraph will be subject to all applicable federal and state taxes and withholding requirements.

6.5 Sick Leave. Physician shall be entitled to sick leave subject to Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.

6.6 Education Leave. Physician shall receive 80 hours paid education leave annually. The first 80 hours will accrue on the Commencement Date. On each successive Employment Year, if any, an additional 80 hours paid education leave will accrue. Education leave must be used within the year that it is accrued. Physician will not be paid for unused education leave upon termination of employment. The Department chair must approve education leave in advance of use. Physician's participation in educational programs, services or other approved activities set forth herein shall be subordinate to Physician's obligations and duties under this Agreement.

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$2,500 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

6.8 Kern\$Flex. Physician shall be eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician and the Department chair. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

6.10 Unpaid Leave of Absence. Physician may take an unpaid leave of absence in accordance with Authority policies in effect at the time the leave is taken.

6.11 Social Security. Physician is exempt from payment of Social Security taxes as the Kern County Hospital Authority Defined Contribution Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

6.12 Deferred Compensation. Physician shall be eligible to participate in the Kern County Deferred Compensation Plan ("457 Plan") on a pre-tax basis. Physician shall make all contributions if he elects to participate in the 457 Plan.

6.13 Disability Insurance. Physician shall be eligible to purchase Long Term Disability or Short Term Disability insurance coverage through payroll deduction on a post-tax basis. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.14 Employee Assistance/Wellness Programs. Physician shall be eligible to participate in any Authority-sponsored employee assistance and employee wellness programs.

6.15 Relocation Reimbursement. Authority shall reimburse Physician for actual relocation expenses (defined as the packing, moving and unpacking of household goods and vehicles) and travel expenses (defined as lodging, meals, mileage and incidental expenses) associated in moving to Bakersfield, California, in an amount not to exceed \$7,500, payable in arrears, in accordance with Authority policy. Reimbursement of travel expenses will include per mile reimbursement for one (1) personal vehicle at the current privately owned vehicle (POV) mileage reimbursement rate established by the U.S. General Services Administration, meals and incidental expenses for Physician only at the current domestic per diem rates established by the U.S. General Services Administration for Kern County, and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by Authority. Physician shall be deemed vested in reimbursement of relocation expenses in the amount of \$208.34 per month beginning on the last day of the month in which the relocation expenses are reimbursed to Physician. In the event Physician's employment is terminated by either party, with or without cause, then, on the effective date of such termination, Physician shall repay to Authority all amounts received in which Physician has not yet become vested.¹

6.16 Limitation on Benefits. Except as expressly stated herein, Physician shall receive no other benefits from Authority.

7. Assignment. Physician shall not assign or transfer this Agreement or his obligations hereunder or any part thereof. Physician shall not assign any money due or which becomes due to Physician under this Agreement without the prior written approval of Authority.

8. Assistance in Litigation. Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.

9. Authority to Incur Financial Obligation. It is understood that Physician, in his performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.

10. Captions and Interpretation. Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No

¹ By way of example only, in the event Physician terminates his employment after 12-months then Physician will be vested to the extent of \$2,500 in the relocation expenses described herein and will be obligated to repay Authority the amount of \$5,000. **In the event Physician fails to pay such amount to Authority, Physician expressly grants to Authority the right to offset any amounts owed to Authority against any payments made to Physician by Authority.**

provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

11. **Choice of Law/Venue.** This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.

12. **Compliance with Law.** Physician shall observe and comply with all applicable Authority, local, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which is hereby made a part hereof and incorporated herein by reference.

13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.

14. **Conflict of Interest.** Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.

15. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

16. **Dispute Resolution.** In the event of any dispute involving the enforcement or interpretation of this Agreement or any of the rights or obligations arising hereunder, the parties shall first attempt to resolve their differences by mediation before a mediator of their mutual selection. If the parties are, after mutual good faith efforts, unable to resolve their differences by mediation, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, section 21 of the California Constitution and Rules 3.810 through 3.830 of the California Rules of Court. All costs of any dispute resolution procedure shall be borne equally by the parties.

17. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to Authority is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.

18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician rendered on behalf of Authority; provided, however, that the provisions of this paragraph shall not apply to any services rendered at any location other than Practice Sites without approval by the Kern County Hospital Authority Board of Governors and, provided further, that Authority shall have no duty or obligation to defend, indemnify, or hold Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

19. **Invalidity of a Portion.** Should a portion, section, paragraph, or term of this Agreement be construed as invalid by a court of competent jurisdiction, or a competent state or federal agency, the balance of the Agreement shall remain in full force and effect. Further, to the extent any term or portion of this Agreement is found invalid, void or inoperative, the parties agree that a court may construe the Agreement in such a manner as will carry into force and effect the intent appearing herein.

20. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

21. **Non-appropriation.** Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Physician, 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. Physician shall be given 30 days' prior written notice in the event that Authority requires such an action.

22. **Nondiscrimination.** No party to this Agreement shall discriminate on the basis of race, color, religion, sex, national origin, age, marital status or sexual orientation, ancestry, physical or mental disability, medical conditions, political affiliation, veteran's status, citizenship or marital or domestic partnership status or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.

23. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of Authority. Forbearance or indulgence by Authority in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Physician. Authority shall be entitled to invoke any remedy available to Authority under this Agreement or by law or in equity despite said forbearance or indulgence.

24. **Notices.** Notices to be given by one party to the other under this Agreement shall be given in writing by personal delivery, by certified mail, return receipt requested, or express delivery service at the addresses specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received four (4) days after

deposit. A party may change the address to which notice is to be given by giving notice as provided above.

Notice to Physician:

Antony Minasaghanian, M.D.
1712 Waterview Place
Nipomo, California 93444

Notice to Authority:

Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93306
Attn.: Chief Executive Officer

25. **Relationship.** Authority and Physician recognize that Physician is rendering specialized, professional services. The parties recognize that each is possessed of legal knowledge and skill, and that this Agreement is fully understood by the parties, and is the result of bargaining between the parties. Each party acknowledges their opportunity to fully and independently review and consider this Agreement and affirm complete understanding of the effect and operation of its terms prior to entering into the same.

26. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the state of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

27. **Sole Agreement.** This Agreement contains the entire agreement between the parties relating to the services, rights, obligations, and covenants contained herein and assumed by the parties respectively. No inducements, representations, or promises have been made, other than those recited in this Agreement. No oral promise, modification, change, or inducement shall be effective or given any force or effect.

28. **Termination.**

28.1 **Termination without Cause.** Either party shall have the right to terminate this Agreement, without penalty or cause, by giving not less than 90 days' prior written notice to the other party.

28.2 **Immediate Termination.** Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events ("Event of Default"): (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program,

including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

29.1 **Payment Obligations.** In the event of termination of this Agreement for any reason, Authority shall have no further obligation to pay for any services rendered or expenses incurred by Physician after the effective date of the termination, and Physician shall be entitled to receive compensation for services satisfactorily rendered, calculated on a prorated basis up to the effective date of termination.

29.2 **Vacate Premises.** Upon expiration or earlier termination of this Agreement, Physician shall immediately vacate KMC, removing at such time any and all personal property of Physician. KMC may remove and store, at the expense of Physician, any personal property that Physician has not so removed.

29.3 **No Interference.** Following the expiration or earlier termination of this Agreement, Physician shall not do anything or cause any person to do anything that might interfere with any efforts by Authority or KMC to contract with any other individual or entity for the provision of services or to interfere in any way with any relationship between KMC and any person who may replace Physician.

29.4 **No Hearing Rights.** Termination of this Agreement by Authority or KMC for any reason shall not provide Physician the right to a fair hearing or the other rights more particularly set forth in the KMC medical staff bylaws.

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

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Agreement as of the day and year first written above.

PHYSICIAN

By: 

Antony Minasaghian, M.D.

3/12/19

KERN COUNTY HOSPITAL AUTHORITY

By: _____

Chairman

Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By: _____

Russell V. Judd

Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By: _____

VP & General Counsel

Kern County Hospital Authority

Agreement.Minasaghian.031119

EXHIBIT “A”
Job Description
Antony Minasaghian, M.D.

Position Description: Reports to Chair, Department of Radiology; provides diagnostic radiology and special procedures with an emphasis on musculoskeletal imaging; works collaboratively with the Department manager to ensure efficient workflow and adequacy of support equipment.

Essential Functions:

1. Clinical Responsibilities

- Provides radiology services on-site at KMC and in accordance with generally accepted professional standards
- Provides professional services for all patients who present to KMC for treatment
- Participates in special procedures and in rotations in the various departmental image reading queues
- Provides weekday shift coverage, as assigned by the Department chair
- Provides weekend shift coverage, as assigned by the Department chair
- Provides call coverage weekday nights, as assigned by the Department chair
- Provides 24-hour weekend call coverage, as assigned by the Department chair
- Provides first call and backup call for vascular and interventional radiology, as assigned by the Department chair
- Carry a pager when on call and respond to call within 10 minutes

2. Administrative Responsibilities

- Assists in clinical and administrative integration efforts across KMC as appropriate for the Department, assisting with proper program planning, physician recruitment, faculty development, resource allocation, analysis, communication and assessment
- Gathers data through best practices and collaborates with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
- Supports the Department Chair to develop monitoring tools to measure financial, access, quality and satisfaction outcomes
- Participates in the preparation, monitoring, review, and performance of clinical activity in the Department
- Participates in the quality improvement and risk management activities, including peer review and quality control functions, as assigned to services in the Department
- Completes medical records in a timely fashion and works to improve the quality, accuracy, and completeness of documentation
- Works collaboratively with other clinical departments to develop further a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for inpatient and outpatient services

- Follows and complies with the Medical Staff bylaws, rules, regulations, and policies, Department rules, policies, and procedures, and Authority and KMC policies and procedures
- Attends department staff meetings and the annual Medical Staff meeting
- Attends and actively participates in Medical Staff and hospital committees, as assigned
- Participates in other clinical, academic, and administrative activities, as assigned by the Department Chair
- Participates in the training of residents and medical students, including the review of active and past case material, as required for patient care
- Participates in proficiency testing and performance improvement programs, as required
- Pursues optimized musculoskeletal imaging services, development of a comprehensive musculoskeletal imaging program, and works cooperatively with other physician specialties
- Participates in additional administrative responsibilities, as required

Employment Standards:

Completion of an accredited residency program in diagnostic radiology; one (1) year of post-residency experience in diagnostic radiology

AND

Possession of a current valid Physician's and Surgeon's Certificate issued by the state of California

AND

Certification by the American Board of Radiology in diagnostic radiology-general

Knowledge of: The principles and practices of modern medicine; current techniques, procedures, and equipment applicable to the field of diagnostic and musculoskeletal radiology; principles of effective supervision and program development.

[Intentionally left blank]

EXHIBIT "B"
AUTHORIZATION TO RELEASE INFORMATION

[Attached]

AUTHORIZATION TO RELEASE INFORMATION

I, the undersigned physician, hereby authorize Kern Medical Center ("KMC") and its duly authorized representatives to obtain information from time to time about my professional education, training, licensure, credentials competence, ethics and character from any source having such information. This information may include, without limitation, peer review information, DRG and RVU analyses, ancillary usage information and other utilization and quality related data.

I hereby release the Kern County Hospital Authority and KMC, its authorized representatives and any third parties from any liability for actions, recommendations, statements, reports, records or disclosures, including privileged and confidential information, involving me that are made, requested, taken or received by KMC or its authorized representatives to, from or by any third parties in good faith and relating to or arising from my professional conduct, character and capabilities.

I agree that this authorization to release information shall remain effective until termination of my employment by the Kern County Hospital Authority and KMC. A duplicate of this authorization may be relied upon to the same degree as the original by any third party providing information pursuant to this request.

Physician

Date

3/12/19



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

March 20, 2019

Subject: Proposed Amendment No. 3 to Agreement for Professional Consulting Services with Healthcare Performance Group, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment No. 3 with Healthcare Performance Group Inc. (HPG) to extend the term and provide additional services as required of the Cerner Millennium project.

The proposed Amendment allows for additional support from Jacqui Pada (\$141/hr.) as EHR Consultant for the Clinical and Nursing support requirements.

Previous Agreements	Purpose of Amendment	Variance
Original Agreement, dated May 7, 2018	Schedule A-1, Jacqui Pada, EHR Consultant for Clinical and Nursing Support	\$232,760
Amendment No. 1, dated September 19, 2018	Schedule A-2, Kayla Smith, EHR Consultant for HIM and 3M Support	\$217,000
Amendment No. 2, dated January 16, 2019	Schedule A-3, Nicole Van Luchene, EHR Consultant for Informatics and Physician Adoption Support	\$300,240
Proposed Amendment No. 3, dated March 20, 2019	Amendment to Schedule A-1, EHR Consultant for Clinical and Nursing Support	\$203,896

Therefore, it is recommended that your Board approve the Amendment No. 3 with HPG, extending the term through November 29, 2019 and increasing the maximum payable by \$203,896 from \$750,000 to \$953,896, and authorize the Chairman to sign.

HA Agmt. # _____

Amendment No. 3 To
Agreement for Professional Consulting Services
(Healthcare Performance Group, Inc. – Kern County Hospital Authority)

This Amendment No. 3 to the Agreement for Professional Consulting Services is entered into this 20th day of March 2019, by and between Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center (Customer) and Healthcare Performance Group, (HPG).

RECITALS

- A. Customer and HPG have heretofore entered into an Agreement for Professional Consulting Services (Customer Agt.#14818, dated May 11, 2018), Amendment No. 1 (Customer Agt.#062-2018, dated September 19, 2018), and Amendment No. 2 (Customer Agt.#005-2019, dated January 16, 2019) (“Agreement”) for the period of April 1, 2019 through November 29, 2019, to provide professional consulting services; and
- B. Customer requires additional services of HPG and HPG has agreed to provide these services; and
- C. The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and
- D. The Agreement is amended effective March 20th, 2019:

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

- 1. Term shall be deleted in its entirety and superseded by the following:

“Term

The term of this Agreement shall begin on June 11th, 2018 and will terminate on November 29, 2019, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

- 2. Schedule A-4, to Amendment No. 3 is added to the Agreement and incorporated herein by this reference.
- 3. Except as otherwise defined herein, all capitalized terms used in this Amendment No. 3 have the meaning set forth in the Agreement.
- 4. This Amendment No. 3 shall be governed by and construed in accordance with the laws of the state of California.
- 5. This Amendment No. 3 may be executed in counterparts, each of which shall be

deemed an original, but all which taken together shall constitute one and the same instrument.

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

[Signatures to Follow]

IN WITNESS TO THE FOREGOING, the Parties have executed this Amendment No. 3 as of the day and year first written above.

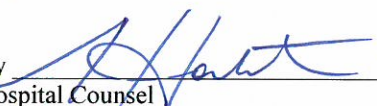
KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell Bigler
Chairman, Board of Governors

APPROVED AS TO CONTENT
Kern Medical Center

By _____
Reynaldo Lopez
Chief Information Officer

APPROVED AS TO FORM
Legal Services Department

By  _____
Hospital Counsel
Kern County Hospital Authority

HEALTHCARE PERFORMANCE GROUP, INC.

Nancy
By Ward
Digitally signed by
Nancy Ward
Date: 2019.03.14
11:53:08 -05'00'
Printed Name: Nancy Ward
Title/Position: VP of Business Development

Schedule "A-4"

Kern Medical (CUSTOMER) and Healthcare Performance Group, (HPG), wish to attach this Schedule as an addendum to the Agreement between the parties in order to define the services to be provided by HPG to CUSTOMER.

Project Background

CUSTOMER has licensed the Millennium clinical applications from Cerner Corporation and is in the process of implementing and supporting these applications. CUSTOMER requires additional support in the capacity of a Senior Millennium Consultant, Jacqui Pada. Key responsibilities of this project engagement are as follows:

PROJECT ROLE AND DETAILS TO BE APPROVED BY CUSTOMER:

- Provide best practice, workflows, education and knowledge transfer to the team members
- Complete the build and design as delegated by the CUSTOMER
- Support and provide documentation on the maintenance for the build completed
- Jacqui will work with CUSTOMER to facilitate meetings, tasks and project deliverables for this project
- Jacqui will provide additional expertise to other Millennium applications as requested by Customer
- Jacqui will also follow the Cerner EHR Consultant Job Description that will be attached to the Master Service Agreement.

Engagement Scope and Approach

HPG will provide the services of Jacqui Pada. Jacqui will assist the CUSTOMER in the project as described above and will report to Mr. Reynaldo Lopez. Jacqui will continue her existing engagement on April 1st, 2019 and provide services on a continuous, ongoing and full-time basis, until November 29th, 2019. CUSTOMER agrees to provide HPG with a 45 day notice of termination for these services.

Fees, Timing & Payment

The professional service fee for these services is \$141 per hour. CUSTOMER commits to a total of 1,400 hours for this project, invoiced biweekly. Should weekly hours extend beyond 40 hours in a given week, CUSTOMER shall provide written approval from Mr. Reynaldo Lopez. Exceeding of the total project hours (1400 hours) will require an addendum for extension. This Schedule A-4 has a not-to-exceed amount of \$203,896, including professional service fees and estimated travel expenses, with 75% travel onsite without prior written approval from CUSTOMER.

Professional services fees and reasonable travel and out of pocket expenses in accordance with Schedule I, will be invoiced biweekly. Should this engagement extend beyond 12 consecutive months, HPG may adjust the rate based upon agreement by both parties, but no more than 5%. The Invoice will be sent to the attention of Brenda Reed, at Brenda.Reed@KernMedical.com.

Payment is expected by either () electronic payment* or by (X) check and is due within 30 days of the Invoice Date. Any unpaid balances still due 30 days from the Invoice Date will accrue a late charge at a rate of 1.0% per month. HPG does not accept credit card payments.

All other terms and conditions of the original Agreement remain unchanged.

ACCEPTED by:

CUSTOMER:

SIGNATURE: _____ DATE: _____

HPG:

SIGNATURE: **Nancy Ward** Digitally signed by
Nancy Ward
Date: 2019.03.14
13:27:03 -05'00' DATE: _____

***ABA routing number: 101100045; *Account number: 005048626030; Address: Healthcare Performance Group, Inc., P.O. Box 588, Spring Hill, KS 66083**



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

March 20, 2019

Subject: Proposed Agreement with Bracco Diagnostics, Inc. for the placement of two Computed Tomography Contrast Injectors

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed agreement with Bracco Diagnostics, Inc. for the placement of two contrast injectors used in most computed tomography (CT) cases. The 5-year agreement places one contrast injector in each of Kern Medical's two CT rooms with no up-front cost to Kern Medical.

The estimated price of the injectors is \$50,000 - \$80,000. In order to use the injectors at no cost, Kern Medical must purchase at least 90% of its consumable contrast from Bracco, which Kern Medical is currently purchasing.

At the end of the term, Kern Medical can either return the units to Bracco or purchase them at a discounted, pre-agreed rate. The total cost of the agreement will not exceed \$34,500. One-time fees of \$7,500 include shipping, training for the on-going maintenance of the units, and one preventative maintenance service kit. An annual software fee of \$5,400 allow for the injector's technological integration into the electronic medical record.

The Agreement contains non-standard terms and cannot be approved as to form by Counsel due to fees for returned product, fees for at early termination, limitation of indemnification to infringement (not including product liability), automatic renewal of agreement, and a limitation of liability to the actual price paid.



Bracco Diagnostics Inc
 259 Prospect Plains Road
 Building H
 Monroe Township, NJ 08831

Bracco Representative:

DANI LINDHOLM
 dani.lindholm@diag.bracco.com

QUOTE

Quote ID: 33452
Date: 1/17/2019
Quote Expiration Date: 04/01/2019
GPO: HPG

Contact: SUZANNE KNIGHT, (661) 326-2534, suzanne.knight@kernmedical.com

Prepared For:

KERN COUNTY HOSPITAL AUTHORITY
 1700 MOUNT VERNON AVE
 BAKERSFIELD, CA 93306-4018

Ship To: C0000045902

KERN COUNTY HOSPITAL AUTHORITY
 1700 MOUNT VERNON AVE
 BAKERSFIELD, CA 93306

Injectors

SKU	Item Name / Description	List Price	Qty	Unit Price	Extended Total
109910	SmartInjectCT Solution (Empower CTA®+ Injector System and NEXO® Contrast Management System) W/EDA, CEILING MT- Includes: Dual Barrel Inj. w/ Controller Touch Screen Rem Control (PC Windows-based) w/ Desktop Mtn EDA Accessory 1 EDA Cable EMPOWERsync Pwr Supply 60' Comm & Pwr Cable 16 ft USB Comm Cable Inj. Pendant Switch & Complete Ceiling Mnt, NEXO Project Deployment Service	\$47,125.00	1	\$25,608.00	\$25,608.00
109911	SmartInjectCT Solution (Empower CTA®+ Injector System and NEXO® Contrast Management System) W/EDA, FLR MT - Includes: Dual Barrel Inj. w/ Controller Touch Scrn Remote Control (PC Windows-based) w/ Desktop Mount EDA Accessory 1 EDA Cable EMPOWERsync Pwr Supply 60' Comm. & Pwr Cable 16' USB Comm. Cable Inj Pendant Switch & Complete Floor Mnt, NEXO Project Deployment Service	\$43,114.00	1	\$23,428.00	\$23,428.00
Injectors Sub-Total					\$49,036.00

Shipping

Item Name / Description	Qty	Unit Price	Extended Total
Shipping/ Freight Costs	2	\$350.00	\$700.00

NEXO Monthly Subscription Fee

SKU	Item Name / Description	List Price	Qty	Unit Price	Extended Total
650438	SMARTINJECTCT SOLN 60 MTH SUB	\$800.00	2	\$225.00	\$450.00
NEXO Monthly Subscription Fee Sub-Total					\$450.00

Applications and Installations

SKU	Item Name / Description	List Price	Qty	Unit Price	Extended Total
109810	EMPOWERCT / EMPOWERCTA INSTALL	\$995.00	2	\$0.00	\$0.00
109820	EMPOWERCT APPLICATIONSTRaining	\$995.00	1	\$0.00	\$0.00
Applications and Installations Sub-Total					\$0.00

Warranty and Service

SKU	Item Name / Description	List Price	Qty	Unit Price	Extended Total
016296	BIOMED TRAINING-EMPOWERCT/CTA	\$2,250.00	1	\$2,250.00	\$2,250.00
Warranty and Service Sub-Total					\$2,250.00

Prices are subject to freight and handling charges and to all taxes, excises, or other charges levied by any government (national, state, or local) upon the sale consumption, or use of the products listed herein.

BILLING AGREEMENT Acceptance of this Quote is Account's agreement to the NEXO Monthly Subscription as stated herein ('Billing Agreement') for the term indicated herein ('Term'). Under the Billing Agreement, the Extended Total for the NEXO Monthly Subscription, as shown above, will be invoiced to Account on a monthly basis upon completion of installation. In the event that Account does not meet its obligations under the Billing Agreement prior to or as of the completion of the Term, Account shall be required to pay, in full, the remaining outstanding balance due under the Billing Agreement, including all payments due during the entire Term, in accordance with Bracco's standard payment terms.

Special Instructions:

Bracco 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.

Contrast Media Products are purchased pursuant to the applicable group purchasing agreement between Bracco and HealthTrust Purchasing Group, L.P. (HPG).

Please submit your purchase order and signed quote to:

Contracts Administration
c/o Bracco Diagnostics Inc
259 Prospect Plains Road
Building H
Monroe Township, NJ 08831

Alternatively, you may also fax or email the information to (609) 514-2444 or cadmin@diag.bracco.com



TERMS AND CONDITIONS

For the protection of our customers and to avoid misunderstanding, Bracco Diagnostics(Bracco) respectfully requests careful reading of the following:

1. USE OF PRODUCTS Therapeutic and dosage suggestions contained in Bracco's literature are based on the best available clinical evidence and experience. They are, however, general in character and Bracco disclaims the adequacy or accuracy of such information.

The indications or contraindications of any Bracco products, as well as any modifications to the suggested dose or frequency of dosage to meet specific conditions, are questions that should be decided by a competent physician as part of a proper diagnostic work-up.

Bracco cannot control the conditions or circumstances under which Bracco products may be administered and assumes no responsibility for the administration of the products.

2. PRICE Prices and quotations are submitted without offer and are subject to change without notice. Prices are subject to all taxes, excises, or other charges levied by any government (national, state, or local) upon the sale, consumption, or use of the products listed herein. Account shall bear the cost of any sales, use, excise or similar tax applicable to the purchase of the product under this Quotation, unless Account shall have previously provided Bracco with a tax exemption certificate to the applicable taxing authorities. Prices are subject to freight and handling charges.

3. PAYMENT TERMS Net thirty (30) days.

All payment terms are subject to change at any time on prior written notice by Bracco. After thirty (30) days from the date of invoice, Bracco shall have the right to collect interest on past due amounts at the lesser of (i) one and one-half percent (1½%) per month, or (ii) the maximum interest rate legally permitted.

4. CONSUMABLES ORDERS All orders are subject to acceptance by Bracco, which acceptance shall be only by letter or performance. Accepted orders will be shipped from the appropriate branch distribution center to expedite service. Orders sent to remittance address or physical distribution centers will be delayed. Unless otherwise agreed in writing by Bracco, no term or conditions contained in any Account purchase order or confirmation thereof shall apply to the sale of any product, except those identifying the particular product(s) ordered, quantity, and limited shipping/billing instructions. All orders are subject to prior credit approval as a condition of acceptance.

Bracco reserves the right to discontinue and withdraw from the marketplace any product, product size, or packaging at any time without further obligation on the part of Bracco.

5. DISTRIBUTION Capital Equipment and parts will ship from Acist Medical Systems in Eden Prairie, MN.

Bracco has one main distribution facility for consumable products, located in Southaven, MS.

6. SHIPMENT Shipping terms: FOB Origin

Title and risk of loss or damage passes to the Account upon pick-up and acceptance by the carrier. Unless otherwise agreed to specifically by Bracco in writing, delivery dates specified in this Quotation or in any other confirmation of any other Account purchase order shall be deemed to be estimated only. Account shall not be relieved of its obligation to purchase all of the products stated in its purchase order due to Bracco's failure to meet any desired or requested delivery date.

7. TRANSPORTATION - Consumables Expedited delivery is available upon request by Account. Account must place its order via phone or fax with customer service to ensure proper delivery of shipments. Expedited deliveries will be assessed a transportation fee. For direct orders Account will be assessed standard ground shipping fees with a \$15.00 minimum charge.

8. CORRESPONDENCE All correspondence should be addressed to Bracco Diagnostics Inc., Attention Customer Service, at 259 Prospect Plains Road, Building H, Suite 100, Monroe Township, New Jersey 08831, or P.O. Box 5225, Princeton, NJ, 08543-5225, or sent by e-mail to bracco.otc@diag.bracco.com

9. LABELS, CARTONS AND EMPTY CONTAINERS Loose labels, empty cartons or containers cannot be supplied for any reason whatsoever.

10. INSURANCE Bracco maintains product liability insurance underwritten by various insurance companies, which, in Bracco's determination, will adequately respond to losses. Bracco will provide confirmation of such insurance setting forth its standard conditions on an individual basis upon specific request in writing.

11. WARRANTIES AND DISCLAIMER Unless otherwise specifically agreed in writing by Bracco, all products sold by Bracco are sold with the manufacturer's standard warranty included. Bracco itself makes no representations, warranties or guarantees concerning any of the products and the Account agrees to rely solely on the respective product's manufacturer for all warranty questions and issues. Additionally, Bracco cannot control the conditions or circumstances under which the product may be used and Bracco specifically disclaims any responsibility or liability for the suitability of any product for any particular medical treatment or for any medical complications resulting from the use any product.

Account agrees and acknowledges that ALL OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED FROM THIS QUOTATION OR ANY SALE PURSUANT HERETO.

Bracco specifically disclaims and Account waives any claim against Bracco for liability of any type for any damages (whether special, direct or indirect, consequential, incidental or otherwise), including, without limitation, expenditures, or loss of profits or projected profits.

12. EXTENDED WARRANTY AND SERVICE CONTRACTS If this Quotation includes extended warranties and/or service contracts, Account acknowledges and agrees that the Quotation is provided as a convenience to Account on behalf of ACIST, the provider of such extended warranties and/or service contracts. To purchase such extended warranties or such service contracts, or for more information regarding same, please call ACIST at 888-670-7701.

13. "OWN USE" REQUIREMENT Account hereby certifies that all products purchased by Account or by any other authorized purchaser under this Quotation will be for the respective purchaser's "own use" as required by the Non Profit Institutions Act [15 U.S.C. sec. 13(c)], and as further defined in the U.S. Supreme Court decision

in *Abbott Labs v. Portland Retail Druggists Association*, 421 US 1 (1976). Account and any other authorized purchaser shall not directly or indirectly resell any products purchased from Bracco to any third-parties.

14. REPORTING REQUIREMENTS In the event Account purchases any Bracco product at a discounted price, Account hereby agrees that it shall properly disclose and account for the total value of discounts and rebates received under this Quotation in connection with costs claimed or charges made to federal health care programs in accordance with all applicable federal and state laws and regulations, including, but not limited to, the provisions of 42 USC Section 1320a-7b(b)(3)(A) and 42 CFR Section 1001.952(h), and shall provide accurate information regarding the net cost of products purchased from Bracco in response to any inquiry from federal or state agencies. Bracco agrees to assist Account by providing any information necessary for Account to properly calculate and disclose cost of Bracco products, net of all discounts and rebates received, upon request by Account.

15. CHOICE OF LAW Intentionally Omitted

16. FORCE MAJEURE Bracco shall be excused, without penalty, and shall not be liable for damages or default for any failure to supply product to Account due to circumstances beyond Bracco's control, such as strike, fire, unavoidable accidents, riot, war, terrorism, insurrection, labor disturbances, inability to obtain supplies, contingencies of manufacturing, acts of God or other causes beyond its control.

17. RETURN GOODS POLICY

- a) Returned products require prior authorization from Bracco Diagnostics. Authorizations can be obtained by contacting the Bracco Customer Service Team at 1-877 -BRACCO9 (1-877-272-2269).
- b) Returns will only be authorized for product purchased directly from Bracco. Bracco product purchased from wholesalers must be returned to the wholesaler based on the wholesaler's policy.
- c) Temperature control forms must be completed by the customer to be eligible for credit when required based on storage requirements of the product. This document, which verifies the appropriate storage conditions of product while at the customer facility, will be provided by Bracco and must be returned promptly.
- d) Returns will be authorized for shipping errors, picking errors, products damaged in transit, transportation errors, and Customer Service order entry errors. Such authorized returns will receive credit based on the final invoice price when product is returned in saleable form (excluding product damaged in transit) within 15 days from the original delivery date.
- e) All other authorized returns for non-Bracco errors will receive credit based on the final invoice price, less a 30% restocking fee, when product is returned in saleable form within 15 days from the original delivery date.
- f) Bracco will issue credit for authorized returned goods within 30 days of receipt. No deduction can be taken at any time without Bracco's prior written approval.
- g) Product returned after 15 days from the original delivery date will not be eligible for credit.
- h) Upon receipt of a return by the customer, products will be promptly evaluated and the customer will be notified of product eligibility or ineligibility for credit. Bracco reserves the right to destroy all returned products, whether or not they are found to be eligible for credit. All Bracco products are returned with the understanding that they are subject to final review and evaluation by Bracco, and will be processed in accordance with the most recent return goods policy in effect at the time the return is received.
- i) The cost of shipping product to the Bracco warehouse will be paid for by Bracco for Authorized returns through

the use of call tags. Sales Representatives are not authorized to pick up merchandise. No reimbursement shall be paid to the customer for any failure to receive the appropriate call tags.

j) Any returned product that was not maintained under appropriate storage conditions will not be eligible for credit.

k) Credit will not be issued for any product sold with the specific understanding that such product is non-returnable, sterile products, or special order products, unless the error is on the part of Bracco.

l) Bracco will not issue credit for expired products.

m) No product may be returned by, and no credit shall be issued to, any third party return processor.

n) Bracco reserves the right to determine the eligibility of products to qualify for credit when returned.

o) Bracco will reserve the right to amend this policy by notification to the customer.

18. LIABILITY OF ACCOUNT The liabilities or obligations of Account with respect to its activities pursuant to this Quotation, Conditions of Use and Placement Agreement (Agreement No: 1852729) shall be the liabilities or obligations solely of Account, and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the State of California. California Health and Safety Code Section 101853(g).

QUOTE AND TERMS AND CONDITIONS ARE HEREBY
APPROVED BY:

Russell Bigler

Print Name

Signature

Chairman, Board of Governors

Title

Date

CONDITIONS OF USE

1. DEFINITIONS

As used in these Conditions of Use, the terms below shall have the following meaning:

- a) "Bracco" shall mean the manufacturer of the Product Bracco Injengineering S.A., with its registered office at Avenue de Sévelin, 46, 1004 Lausanne, Switzerland, enrolled with the Company Registrar CH-550.1.037.293-9.
- b) "Distributor" shall mean the company which may be part of Bracco Imaging Group (hereinafter Affiliate) or a third party that has the right to sell the Product in the country of the User.
- c) "User" shall mean an individual, company, corporation or association, trust or other entity that, upon acceptance of the Commercial Offer, of which these conditions of use are an integral part, and following the payment of the agreed price, will acquire the non-exclusive and non-transferable right to use the Product and the Documentation.
- d) "Commercial Offer" shall mean the document that summarizes the specific conditions (price, payment terms, etc.) for the licence of the Product.
- e) "Conditions of Use" shall mean these conditions that regulate the use of the Product and the Documentation and that, attached to the Commercial Offer, constitute an integral and substantial part of it.
- f) "Parties" shall mean jointly Bracco and the User.
- g) "Confidential Information" shall mean all existing and future information, including but not limited to the Product, Documentation, Product training and instruction manuals, data, reports, programs, methods, tapes, recorded notes, computer-generated data, tests, studies and other written documents, computer programs, proprietary trade secrets and know-how, Software, Intellectual Property Rights and any and all other information embodied in a tangible form relating to and disclosed to the User in connection with these Conditions of Use, including but not limited to those related to the Product.
- h) "Documentation" shall mean all manuals, instructions, user documentation, training documentation and other related materials pertaining to the Product which are supplied to the User in connection with the Product.
- i) "Intellectual Property Rights" shall mean collectively, all of the following intellectual property rights of Bracco, whether or not filed, perfected, registered, issued or recorded and whether now or hereafter existing including, but not limited to, all: (i) patents, patent applications, and patent rights, including any and all continuations, divisions, reissues, re-examinations, or extensions thereof; (ii) rights associated with works of authorship, including but not limited to copyrights, copyright applications and copyright registrations, moral rights, trademarks, trademark applications, service marks, trade dress and mask works; (iii) rights relating to the protection of trade secrets, know-how and other confidential information including, but not limited to, rights in industrial property and all associated information and confidential or proprietary information; (iv) industrial design rights; (v) utility models, inventions, and/or discoveries; (vi) know-how or other data or information, software, databases and all embodiments or fixations thereof; (vii) licenses, Documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the items set forth in the preceding clause and (viii) any rights analogous to those set forth in the preceding clauses and any other proprietary rights relating to intangible property.
- j) "Product" or "NEXO" shall mean the medical device both the client and server Software application components part of the solution. The client-Software application component shall be run on each compatible injector system remote console connected to the Ethernet network of the User, whereas the server-Software application components, NEXO services and NEXO web services shall be run on a server provided by the User.
- k) "Software" shall mean computer programs and systems, whether embodied in software, firmware or otherwise, including, software compilations, software, software implementations of algorithms, software tool sets, compilers, and software models and methodologies.

with the relevant technical and personal contact data.

2. GRANT OF RIGHTS

2.1 Following the formal acceptance by the User of the Commercial Offer, Distributor shall provide the Product to the User and the User shall be authorized to use the Product in accordance with the Documentation and under the terms and conditions provided by the Commercial Offer and these Conditions of Use.

The Product and the rights connected to the same granted to the User are non-transferable and non-exclusive.

2.2 The Product may be used on the hardware of the User on which the installation was performed by Bracco or by a company entrusted by Bracco in its sole discretion (hereinafter, "Designee"). In the event the User shall determine to replace all or part of the hardware on which the Product is installed resulting in the need to reinstall the Product, the User shall give written prior notice to Bracco and the new installation and/or reinstallation shall occur only with the intervention of Bracco or Designee, subject to the provisions of Article 3.3 below.

3. DELIVERY, ASSISTANCE AND MAINTENANCE

3.1 This Product shall be installed at the User's premises only by Bracco or its Designee. The installation shall be made upon prior agreement between the User and Bracco or its Designee. At the time of installation the User shall make available the server hardware equipment to Bracco or its Designee, in compliance with the minimum hardware requirements listed in Annex 1. At the end of the installation the User shall sign the installation report.

3.2 The Documentation shall be delivered to the User by Distributor or its Designee, together with the Product.

3.3 For the term of these Conditions of Use (as described in Article 9.1), the User shall be entitled to the following assistance and remote maintenance provided by Distributor or its Designee and/or by Bracco or its service provider:

- (i) telephone support via the number and on the working days and during the hours communicated by Distributor to the User. Alternatively, the User may address inquiries to the email address indicated by the Distributor and an answer will be provided as promptly as reasonably possible;

and

(ii) supplying of patch, bug-fixes, or minor releases of the Products issued by Bracco. In this case, the installation will be carried out remotely. In the event of technical assistance and maintenance required by User remotely or at the premises of the User, including pursuant to the provisions of Article 2.2, the User shall allow access to their computer systems and/or telecommunications services to the extent that it is necessary to allow the activities themselves. Certain technical assistance activities may require access to the personal data and protected health information related to patients gathered and/or processed through the Product, with the sole purpose to perform the necessary technical service on the Product.

If the activities mentioned above would require the presence of Distributor or its Designee and/or Bracco or its service provider at the premises of the User, these shall be charged to User upon prior quotation and acceptance thereof by the User.

3.4 Any flaw, defect, problem, critical issue or other event giving rise to the need for an intervention and not based on fact and/or fault of Distributor or Bracco (by way of example and not limited to: any operation performed by the User on Software and/or on hardware that hosts the same Software, and/or intervention performed by third parties and/or faults and/or defects of the equipment, tools and/or IT systems and/or network connection of the User and/or any third party) may be subject to intervention only upon prior quotation and acceptance thereof by the User.

4. COPIES

To the maximum extent permitted by law, neither the Product nor the Documentation shall be copied in whole or in part by the User without prior written authorization of Bracco.

5. USE OF THE PRODUCT

5.1 The User shall respect and not remove, obliterate, or cancel from view any copyright, trademark, confidentiality or other proprietary notice, mark, or legend appearing on any of the Product or output generated by the Product, and shall not reproduce and include same on each copy of the Product.

5.2 To the maximum extent permitted by law, the User shall not modify, reverse engineer, disassemble, or decompile the Product, or any portion thereof.

5.3 The Product and Documentation are the sole property of Bracco which has the exclusive right to market, sell and distribute such Product together with the Documentation and to grant all rights connected to such Product and Documentation. The User shall not have any right, title, or interest in or to any such Product or copies thereof, including the relevant Intellectual Property Rights, except as provided in these Conditions of Use, and further shall secure and protect the Product and Documentation consistent with the maintenance of Bracco's Intellectual Property Rights therein.

5.4 The Documentation contains important information on operating safety and handling of the Product as well as information on service and support. The User shall read the instructions carefully before using the Product. NEXO is intended to be used by authorized personnel only and the User is responsible for the selection of authorized users. Only qualified medical practitioners are authorized to use the Product.

5.5 To the maximum extent permitted by law, Distributor and Bracco assume no liability for problems attributable to unauthorized modifications, additions or deletions to the Product or server hardware or unauthorized installation of third party software.

5.6 Distributor and Bracco are not responsible for safety, reliability and performance of the Product, if:

- the Product is not operated in compliance with the Documentation; or
- the Product is operated outside of its operating conditions or specifications; or
- the Product is operated outside the specified operating environment.

5.7 The User agrees to use the Product only in relation to its internal activity and not under any circumstances nor by any means make it available to third parties. This Product thus cannot be used in favour of, or in any manner for the benefit of persons of any kind and nature other than the User itself. By way of example and without limitation, the Product shall not be used directly and/or indirectly, or even used in favour of parent companies of the User and or subsidiaries of the User and/or for the benefit of persons of any kind and nature connected to the User and/or related to the User and/or with which the User has entered into agreements of any kind and nature.

6. CONFIDENTIALITY.

6.1 The User hereby acknowledges and agrees that the Product and Documentation constitute and contain valuable proprietary products and trade secrets of Bracco, embodying substantial creative efforts and Confidential Information, ideas, and expressions. Accordingly, the User agrees to treat (and take precautions to ensure that its employees treat) the Product and Documentation as confidential in accordance with the confidentiality requirements and conditions set forth below.

6.2 The User agrees to keep confidential all Confidential Information disclosed to it by Bracco in accordance herewith, and to protect the confidentiality thereof in the same manner it protects the confidentiality of similar information and data of its own (at all times exercising at least a reasonable degree of care in the protection of confidential information); provided, however, that the User shall not have any such obligation with respect to Confidential Information as can be established by competent proof to: (a) have been known publicly; (b) have been known generally in the industry before communication by Bracco to the User or (c) have become known publicly, without fault on the part of the User, subsequent to disclosure by Bracco.

6.3 The User acknowledges that the unauthorized use, transfer or disclosure of the Product and Documentation or copies thereof will (i) substantially diminish the value to Bracco of the trade secrets and other proprietary interests that are the subject of these Conditions of Use; (ii) render Bracco's remedy at law for such unauthorized use, disclosure or transfer inadequate; and (iii) cause irreparable injury in a short period of time. If the User breaches any of its obligations with respect to the use or the disclosure of the Confidential Information relevant to the Product or Documentation, Bracco shall be entitled to equitable relief to protect its interests therein, including, but not limited to, preliminary and permanent injunctive relief.

6.4 User's obligations under this Article 6 will survive the termination of these Conditions of Use for whatever reason.

7. WARRANTIES; LIMITATION OF LIABILITIES

7.1 Bracco warrants and represents that Bracco has the right to enter into these Conditions of Use.

7.2 Bracco further represents and warrants that to the best of its present knowledge: (i) the Product, as delivered to the User under these Conditions of Use, is original and no portion of such Software, nor the use or distribution of copies thereof, violates, infringes, misappropriates copyright, trade secret or other proprietary right of any third party; and (ii) to the extent third party software is utilized or incorporated in the Product, Bracco has the right to utilize or incorporate said third party software in the Product and to grant to the User the rights contemplated by and granted under these Conditions of Use.

7.3 Bracco represents and warrants that the Product, when properly installed, will perform substantially as described in current Documentation for such Product. It is expressly understood that the sole activities of assistance and maintenance under these Conditions of Use are those in

Article 3.3 (i) and (ii). Any other type of activity not included in the aforementioned points, that is deemed necessary for resolution of a Product issue, shall be subject to a separate additional commercial offer accepted by the User.

7.4 Bracco represents and warrants that the Product provided to the User under these Conditions of Use will not contain any "back door", "time bomb", "worm", "drop dead device", "virus" (as these terms are commonly used in the computer software field), or other software routines designed to permit unauthorized access, to disable or erase software, hardware, or data, or to perform any other similar type of function.

7.5 The User is the sole owner of computer programs and/or products (in particular, only the database) which the User itself must have (i.e. MS SQL database, Browsers etc.), in order to use the Product; therefore, the User is responsible for the legitimacy of their purchase and for the proper contracts with the relevant right holders. In addition, the User is the sole owner of personal data and protected health information gathered and/or processed by the Product assuming any liability as per Article 7.10 below.

7.6 The User further represents and warrants to the best of its present knowledge that: (i) such User's products necessary to use the Product are original and no portion of such products, or their use, violates, infringes, or misappropriates copyright, trade secret or other proprietary rights of any third party; and (ii) to the extent third party software is utilized or incorporated in User's products necessary to use the Product, the User has the right to use or incorporate said third party software in the User's products.

7.7 Notwithstanding the warranty provisions set forth in Articles 7.2, 7.3, and 7.4 above, all the obligations of Bracco with respect to such warranties shall be contingent on User's use of the Product in accordance with these Conditions of Use and the instructions provided in the Documentation, as such instructions may be amended, supplemented, or modified by Bracco from time to time. Bracco shall have no warranty obligations with respect to any failures of the Product which are the result of accident, abuse, misapplication, power surge or electromagnetic field and/or violation of User's warranties provided by Articles 7.5 and 7.6.

7.8 Bracco does not represent or warrant that all errors in the Product and Documentation will be corrected. THE WARRANTIES STATED IN THIS ARTICLE 7 ARE THE SOLE AND THE EXCLUSIVE WARRANTIES OFFERED BY BRACCO. THERE ARE NO OTHER WARRANTIES RESPECTING THE PRODUCT AND DOCUMENTATION OR SERVICES PROVIDED HEREUNDER, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF DESIGN, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, EVEN IF BRACCO HAS BEEN INFORMED OF SUCH PURPOSE.

7.9 To the maximum extent permitted by law, the User acknowledges that Bracco does not assume the risk of User's direct, indirect, consequential or incidental damages (including, without limitation, lost profits, business interruption, or lost information) which may arise in connection with User's use of the Product and Documentation. Accordingly, the User agrees that Bracco shall not be responsible to the User for any loss-of-profit, direct, indirect, incidental, special, or consequential damages arising out of the use of the Product or Documentation. To the maximum extent permitted by law, any provision herein to the contrary notwithstanding, the maximum liability of Bracco to any legal or natural person or entity whatsoever arising out of or in connection with the use or other employment of any Product delivered to the User hereunder, whether such liability arises from any claim based on breach or repudiation of contract, warranty, tort or otherwise, shall in no case exceed the actual price paid by the User for the Product, the use, or other employment of which gives rise to the liability. To the maximum extent permitted by law, the essential purpose of this provision is to limit the potential liability of Bracco arising out of these Conditions of Use. The limitations set forth in this Article 7 are integral to the amount of consideration paid for the Product and Documentation and any services rendered hereunder. Notwithstanding anything to the contrary, Bracco's limitations of liability shall not apply to, affect or limit: (i) any of Bracco's duties to indemnify Customer in accordance with these Conditions of Use and/or (ii) any third party claims.

7.10 The User represents and warrants that all personal data and protected health information gathered through the Product are collected and processed by the User lawfully, and that such personal data and protected health information shall not be transferred to Bracco and Distributor under any circumstances whatsoever. In relation to such personal data and protected health information gathered and/or processed through the Product, the User solely assumes all liability in connection with the compliance with legislation regarding the handling of personal data and protected health information from time to time in force, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act of 2009, and regulations promulgated thereunder. Bracco makes no representation as to the sufficiency (legal or otherwise) of any security measures of the Product.

8. INDEMNIFICATION

8.1 Bracco shall indemnify, hold harmless and defend the User against any action brought against the User to the extent that such action is based on a claim that the unmodified Product, when used in accordance with these Conditions of Use and the relevant Documentation, infringes a third party copyright and Bracco shall pay all reasonable costs, settlements and damages finally awarded; provided, that the User:

- (i) promptly notifies Bracco in writing of any claim; and
- (ii) gives Bracco sole control of the defense and settlement thereof; and
- (iii) provides all reasonable assistance in connection therewith.

8.2 If the Product is finally adjudged to so infringe, or in Bracco's opinion is likely to become the subject of such a claim, Bracco shall, at its option, either:

- (i) procure for the User the right to continue using the Product; or
- (ii) modify or replace the Product to make it non-infringing; or
- (iii) refund the price paid, less reasonable depreciation, upon uninstall of the Product by Bracco.

8.3 Bracco shall have no liability regarding any claim arising out of:

- (i) use of other than a current, unaltered release of the Product unless the infringing portion is also in the then current, unaltered release; or
- (ii) any modification or derivation of the Product not specifically authorized in writing by Bracco or use of third party software.

8.4 The foregoing states the entire liability of Bracco and the exclusive remedy for the User relating to infringement or claims of infringement of any copyright or other proprietary right regarding the Product.

8.5 Except for the foregoing infringement claims, the User shall indemnify and hold harmless Bracco, its officers and employees, and Distributors from and against any and all claims, demands, or causes of action whatsoever, including without limitation those arising on account of User's modification or enhancement of the Product or otherwise caused by, or arising out of, or resulting from, the exercise or practice of the rights granted hereunder by Bracco.

9. TERM AND TERMINATION

9.1 These Conditions of Use shall be effective as of the date of the User's signature and shall remain in force for one (1) year or any longer period specifically detailed in the Commercial Offer. At the aforementioned expiration date, these Conditions of Use shall automatically be renewed for one (1) year with regard to each and any subsequent Commercial Offer accepted by the User from time to time.

9.2 In the event that the User defaults or breaches any of the provisions of these Conditions of Use, Bracco and/or Distributor shall have the right to terminate these Conditions of Use upon thirty (30) calendar days prior written notice to the User; provided, however, that if the User, within the thirty (30) day period referred to, cures the said default or breach, the Conditions of Use shall continue in full force and effect.

Termination due to a material breach of Articles 2.1 and 2.2 (Grant of Rights), 3.1, 3.2, 3.3 (Delivery, Assistance and Maintenance); 4 (Copies), 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7 (Use of the Product), or 6.1, 6.2, 6.3, 6.4 (Confidentiality) shall be effective upon notice to the defaulting Party.

9.3 In case of termination of these Conditions of Use for User's default or breach, the User shall cease and desist any and all uses of the

Product and Documentation. Upon Bracco written request, the User shall allow Bracco and its service provider or Distributor and its Designee to access the hardware on which the Product is installed for the purpose of its removal within thirty (30) calendar days from termination of the Conditions of Use.

10. GOVERNING LAW AND JURISDICTION.

Intentionally omitted.

11. SEVERABILITY.

If any provision of these Conditions of Use shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

12. MISCELLANEOUS.

12.1 These Conditions of Use contain the entire understanding and agreement between the Parties respecting the subject matter hereof. These Conditions of Use may not be supplemented, modified, amended, released or discharged except by an instrument in writing signed by each Party's duly authorized representative. All captions and headings in these Conditions of Use are for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions. Any waiver by either Party of any default or breach hereunder shall not constitute a waiver of any provision of these Conditions of Use or of any subsequent default or breach of the same or a different kind.

12.2 With reference to the end user's personal contact data submitted by the User to the Distributor, the User warrants to have informed -on behalf of Distributor and Bracco- the data subject that his/her personal data will be processed -also by electronic means- lawfully and fairly by Distributor and Bracco as data controllers in order to perform the obligations under these Conditions of Use and comply with any applicable laws and regulations.

The User, represented by its legal representative or by a duly authorized attorney, signs hereunder by way of complete acceptance of these Conditions of Use.
User: _____ Print name: Russell Bigler Title: Chairman, Board of Governors
Stamped and signed by the USER

Annex 1
to the Conditions of Use
Server Hardware & Software Requirements

The table below shows the minimum server hardware requirements:

Minimum Requirements	1-3 Injectors installation	> 3 Injectors installation
CPU	Dual-Core	Quad-Core
CPU Freq	2 GHz	2.4 GHz
RAM	>=4 GB	>=8 GB
Ethernet	1	1
Disk Space	300 GB	300 GB

The table below shows the minimum server environment:

Server OS	MS Windows Server 2008 R2 Web Edition
Web Server	MS IIS 7.5 server role, or higher, for Windows Server 2008 R2 enabled
Database	MS SQL Server 2008 R2 Any Edition and Service Pack with Advanced Services
Database Mgt	MS SQL Management 2008 Studio R2 Any Edition and Service Pack
Framework	MS .NET Framework 4.0
Networking	Windows tcp/ip
Utilities	IIS Web Deploy 3.0



Bracco Diagnostics Inc
 259 Prospect Plains Road
 Building H
 Monroe Township, NJ 08831

Bracco Representative:

DANI LINDHOLM
 dani.lindholm@diag.bracco.com

QUOTE SUMMARY

Quote ID: 33452
Date: 1/17/2019
Quote Expiration Date: 4/01/2019
GPO: HPG

Contact: SUZANNE KNIGHT, (661) 326-2534, suzanne.knight@kernmedical.com

Prepared For:

KERN COUNTY HOSPITAL AUTHORITY
 1700 MOUNT VERNON AVE
 BAKERSFIELD, CA 93306-4018

Injectors

SKU	Item Name / Description	List Price	Qty	Unit Price	Extended Total
109910	SmartInjectCT Solution (Empower CTA®+ Injector System and NEXO® Contrast Management System) W/EDA, CEILING MT- Includes: Dual Barrel Inj. w/ Controller Touch Screen Rem Control (PC Windows-based) w/ Desktop Mtn EDA Accessory 1 EDA Cable EMPOWERSync Pwr Supply 60' Comm & Pwr Cable 16 ft USB Comm Cable Inj. Pendant Switch & Complete Ceiling Mnt, NEXO Project Deployment Service	\$47,125.00	1	\$25,608.00	\$25,608.00
109911	SmartInjectCT Solution (Empower CTA®+ Injector System and NEXO® Contrast Management System) W/EDA, FLR MT - Includes: Dual Barrel Inj. w/ Controller Touch Scrn Remote Control (PC Windows-based) w/ Desktop Mount EDA Accessory 1 EDA Cable EMPOWERSync Pwr Supply 60' Comm. & Pwr Cable 16' USB Comm. Cable Inj Pendant Switch & Complete Floor Mnt, NEXO Project Deployment Service	\$43,114.00	1	\$23,428.00	\$23,428.00
Injectors Sub-Total					\$49,036.00

Shipping

Item Name / Description	Qty	Unit Price	Extended Total
Shipping/ Freight Costs	2	\$350.00	\$700.00

NEXO Monthly Subscription Fee

SKU	Item Name / Description	List Price	Qty	Unit Price	Extended Total
650438	SMARTINJECTCT SOLN 60 MTH SUB	\$800.00	2	\$225.00	\$450.00
NEXO Monthly Subscription Fee Sub-Total					\$450.00

Applications and Installations

SKU	Item Name / Description	List Price	Qty	Unit Price	Extended Total
109810	EMPOWERCT / EMPOWERCTA INSTALL	\$995.00	2	\$0.00	\$0.00
109820	EMPOWERCT APPLICATIONSTRaining	\$995.00	1	\$0.00	\$0.00
Applications and Installations Sub-Total					\$0.00

Warranty and Service

SKU	Item Name / Description	List Price	Qty	Unit Price	Extended Total
016296	BIOMED TRAINING-EMPOWERCT/CTA	\$2,250.00	1	\$2,250.00	\$2,250.00
Warranty and Service Sub-Total					\$2,250.00

Grand Total: \$52,436.00

Prices are subject to freight and handling charges and to all taxes, excises, or other charges levied by any government (national, state, or local) upon the sale consumption, or use of the products listed herein.

BILLING AGREEMENT Acceptance of this Quote is Account's agreement to the NEXO Monthly Subscription as stated herein ('Billing Agreement') for the term indicated herein ('Term'). Under the Billing Agreement, the Extended Total for the NEXO Monthly Subscription, as shown above, will be invoiced to Account on a monthly basis upon completion of installation. In the event that Account does not meet its obligations under the Billing Agreement prior to or as of the completion of the Term, Account shall be required to pay, in full, the remaining outstanding balance due under the Billing Agreement, including all payments due during the entire Term, in accordance with Bracco's standard payment terms.

Special Instructions:

Bracco 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.

Contrast Media Products are purchased pursuant to the applicable group purchasing agreement between Bracco and HealthTrust Purchasing Group, L.P. (HPG).

Please submit your purchase order and signed quote to:

Contracts Administration
c/o Bracco Diagnostics Inc
259 Prospect Plains Road
Building H
Monroe Township, NJ 08831

Alternatively, you may also fax or email the information to (609) 514-2444 or cadmin@diag.bracco.com



Bracco Diagnostics Inc.
259 Prospect Plains Road
Building H
Monroe Township, NJ 08831

INJECTOR PLACEMENT AGREEMENT

Agreement No: 1852729

This Injector Placement Agreement (the 'Agreement'), dated March 20, 2019, is between Bracco Diagnostics Inc. ('Bracco') and KERN COUNTY HOSPITAL AUTHORITY located at 1700 MOUNT VERNON AVE BAKERSFIELD, CA 93306-4018 ('Account').

This Agreement shall have an initial term of five (5) years (the 'Initial Term'), commencing on March 20, 2019 (the 'Effective Date'). After the Initial Term, this Agreement shall automatically renew for up to three (3) successive periods of one (1) year each (each, a 'Renewal Term'), unless Account provides written notice to Bracco of its intent not to renew not less than sixty (60) days before the end of the Initial Term or then current Renewal Term. The Initial Term and any subsequent Renewal Terms are referred to herein collectively as the 'Term'. For the Term of this Agreement, Bracco grants to Account, and Account accepts, a nontransferable right to use the power injector equipment listed on Exhibit A (the 'Equipment'). Account shall use the Equipment with the appropriate x-ray contrast media/magnetic resonance imaging (MRI) contrast media products (the 'Contrast Media Products') and injector disposable products (the 'Consumables') purchased from Bracco, in accordance with the fifth paragraph of this Agreement, to provide health care services to Account's patients. Account agrees that the Equipment shall remain at all times in the location(s) set forth in Exhibit A, which location(s) shall be under Account's ownership or control. Account shall not move the Equipment from such location(s) without Bracco's prior written consent. In the event that such location(s) shall no longer be owned by or under the control of Account, then Account must notify Bracco in writing within sixty (60) days of such change.

Pricing for any Contrast Media Products to be purchased by Account from Bracco shall be as set forth in HPG's GPO contract for Contrast Media Products ("Contrast Media GPO Agreement"). Pricing for any Consumables to be purchased by Account from Bracco shall be as set forth in an independent bid. Should the Term of this Agreement extend beyond any time period for which pricing has been established for the Contrast Media Products and/or the Consumables through agreements between Bracco and Account or between Bracco and Account's group purchasing organization, including the Contrast Media GPO Agreement, then – no less than thirty (30) days prior to the end of such time period – Bracco and Account shall mutually agree to an agreement containing pricing for the Contrast Media Products and/or Consumables to be in effect over the next agreed upon time period. In the event the parties are unable to agree on such an agreement, this Agreement will terminate at the end of the time period for which mutually agreeable pricing for the Contrast Media Products and/or Consumables has been established.

Account shall purchase the accessories, user training and related applications (the 'Accessories') set forth in Exhibit C at the prices stated therein (the Contrast Media Products, Consumables and Accessories being referred to herein collectively as the 'Products').

Quote 33452

Subject to Account meeting its obligations set forth in this Agreement and in any other agreement between Bracco and Account, Account shall have the right to use the Equipment on a royalty-free basis. Title and ownership shall remain with Bracco. Bracco shall waive any and all royalties for the use of the Equipment beginning on the Effective Date through the entire Term upon the express condition that Account purchases from Bracco no less than ninety percent (90%) of its requirements, measured by volume, of the Contrast Media Products and Consumables.

For each twelve (12) month period during the Term (each such period referred to herein as a 'Contract Year'), the parties acknowledge and agree that the applicable royalties waived under this Agreement shall be equal to thirty percent (30%) of the purchase price of the Equipment, as set forth in Exhibit A. In the event there exists a need to calculate royalties on a partial year basis, it shall be done on a pro-rated basis by multiplying the annual royalty by a fraction. The number of days in the partial Contract Year shall become the numerator and the number three hundred sixty-five (365) shall become the denominator.

In the event that Account fails to make the required minimum purchases of the Contrast Media Products and Consumables as measured for any Contract Year during the Term, then Account shall be required to pay a royalty to Bracco, as set forth above, for that Contract Year. If, at any time, Bracco has reason to believe, based on Account's purchasing history, that Account has not made the required minimum purchases during any particular Contract Year, then Bracco shall notify Account. Account shall then have thirty (30) days to document, to Bracco's reasonable satisfaction, that it has met the ninety percent (90%) purchase requirement for the Contract Year in question. If Account fails to document its meeting the purchase requirement to Bracco's reasonable satisfaction, then Bracco shall invoice Account for the applicable royalties owed to Bracco. Account shall pay the full amount within thirty (30) days of the invoice date.

The parties acknowledge and agree that Bracco's waiver of royalties under the terms of this Agreement constitutes an additional discount on the sale of the Products. Account shall properly disclose and account for the total value of discounts received under this Agreement, and in any other agreement between Bracco and Account, in connection with costs claimed or charges made to federal health care programs in accordance with all applicable federal and state laws and regulations, including, but not limited to, the provisions of 42 USC Section 1320a-7b(b)(3)(A) and 42 CFR Section 1001.952(h)(1). Account shall provide accurate information regarding its net payment for Products purchased from Bracco in response to any inquiry from federal or state agencies. Bracco agrees to assist Account by providing any information necessary for Account to properly calculate and disclose its cost and payment for Bracco Products, net of all discounts received, upon request by Account.

If the services provided by Account using the Equipment and Products require the reporting of costs on a cost report, then Account shall claim the benefit of the discount in the fiscal year in which the discount is earned or the following year. It shall fully and accurately report the discount in the applicable cost report. If the services are reflected in a cost report, or based on charges through the submission of a fee for service claim, Account shall provide information documenting the discount upon request of the Secretary of the U.S. Department of Health and Human Services or by the appropriate state agency.

For any period during the Term in which Bracco reasonably determines, based on actual and anticipated supply availability, it is unable to supply Account with an adequate amount of Contrast Media Products (meaning Bracco fails to supply Account, in a timely manner, with Contrast Media Products ordered in the ordinary course of business, resulting in Account's failure to meet the minimum purchase requirement described above (the 'Failure to Supply Period')), as reasonably communicated to Account, then Bracco shall waive any and all royalties which would otherwise be payable by Account during such Failure to Supply Period due to noncompliance with the purchase requirement for Contrast Media Products. To the extent a Failure to Supply Period results in Account's total purchases from Bracco

(including all Contrast Media Products, Consumables, Accessories and any royalty revenue) during any one (1) year period equaling less than Bracco's cost to provide such Products and Equipment, then either the parties shall agree to modify this Agreement to provide for a reasonable fair market royalty fee for the use of the Equipment, or Bracco shall have the right to terminate this Agreement by providing Account with reasonable written notice to allow Account to obtain substitute equipment.

Bracco shall retain title to the Equipment at all times. Account shall cooperate in all reasonable measures to evidence Bracco's ownership of the Equipment. Account shall not take any action that could interfere in any manner with Bracco's ownership interest in the Equipment.

Account shall be responsible for transportation, delivery, and service expenses. Account shall also be responsible for, and assume the risk of, loss or theft of, or damage to, the Equipment. While the Equipment is in Account's possession, Account shall perform routine service and maintenance and use the Equipment only in the manner for which it is intended and in full compliance with the instructions and warnings set forth in the applicable Operator's Manual(s).

The Equipment shall be covered by the manufacturer's standard warranty for each such product. Following the expiration of the manufacturer's standard warranty, the Equipment shall be covered by Account's BioMed Program and/or manufacturers authorized BioMed provider. The Account agrees to purchase BioMed training from manufacturer, which will provide a broader understanding of the equipment, essential skills and knowledge necessary to perform field service on the Equipment, including, on the field replacement components, system preventative maintenance, responding to error messages and troubleshooting techniques. The manufacturer, or its designee, will charge the following BioMed rate*:

Rate	Package
\$2,250 - Empower	- 2 day training - Service Manual
\$1790	- Service Kit

* The rate does not include travel, hotel and meals, which shall be borne by Account.

The Account agrees to utilize BioMed Program to ensure all Equipment is deemed operational and in good working order for the Term. In addition, all parts for items in Exhibit A must be purchased through manufacturer.

Account acknowledges and agrees that the manufacturer, and not Bracco, is the responsible party for providing BioMed training. The Manufacturer, or its designee, shall invoice Account directly 30 days after completion of training, for all BioMed training required under this Agreement, in the amount set forth in Exhibit B.

In addition, for Equipment that is the SmartInjectCT Solution (Empower CTA®+ Injector System and NEXO® Contrast Management System), Account agrees to purchase the subscription services for the NEXO Contrast Management System from Bracco as stated on Exhibit B. Account shall notify Bracco in writing of the requested date for commencing implementation of the subscription services, which requested date must be no later than the end of the first Contract Year. Bracco shall invoice Account for

all subscription services required under this Agreement. The annual fees for the first year of subscription services will be prorated for any partial period based on the actual date of completed implementation of the subscription services and the end of the Contract Year.

At the end of the Term, Account may purchase the Equipment at the buy-out price set forth on page [4] of this Agreement (which is based on a percentage of the purchase price of the Equipment, as set forth in Exhibit A). If Account elects not to purchase the Equipment, Account shall return it to Bracco, at Account's sole expense, in reasonable working condition, and with no greater than ordinary wear and tear. If Account returns the Equipment to Bracco in poor condition, then Account will be billed for an amount equal to 25% to 50% of the Equipment's purchase price (see Exhibit A), depending on the severity of the poor condition. Account should contact Bracco to arrange for the return of the Equipment.

In the event that the Equipment is lost or stolen, Account shall have ninety (90) days to locate the Equipment and regain possession consistent with the terms of this Agreement. If this is not accomplished successfully within the ninety (90) days, then Account will be billed an amount equal to the lesser of either: (i) the full amount of all royalties remaining due under this Agreement plus the end of Term buy-out price, as set forth below (which is based on a percentage of the purchase price of the Equipment, as set forth in Exhibit A) or (ii) one-hundred percent (100%) of the purchase price set forth in Exhibit A. No credit will be issued for the Equipment returned after this period.

In the event that Account wants to terminate this Agreement prior to the expiration of the Term, Account must provide at least 180 days prior written notice to Bracco of its intent to terminate this Agreement. In such a case, during the Initial Term Account shall be required to purchase the Equipment at the buy-out price indicated in the chart below. The buy-out percentage during the first Renewal Term, if any, shall be decreased by 10% from the last year of the Initial Term, and shall be decreased by an additional 10% for each subsequent Renewal Term thereafter, if any. In addition, Account must pay any and all accrued royalties due and owing with respect to the Equipment as of the date of termination for prior non-compliant periods during the Term; provided, however, that the aggregate amount that Account shall be required to pay as the sum of the buy-out price and the accrued royalties shall in no event exceed the purchase price of the Equipment as set forth on Exhibit A. Monies previously paid by Account for any extended warranty and service contract, training and applications, Accessories and Consumables will not be credited to Account upon termination of this Agreement. Upon payment of all amounts owed to Bracco hereunder, title to the Equipment shall be transferred to Account and this Agreement shall be terminated.

Contract Year of Buy-Out/Termination					
	Year 1	Year 2	Year 3	Year 4	Year 5
Buy-Out Price (as a % of purchase price of Equipment set forth in Exhibit A)	90%	70%	50%	40%	30%

In the event Account purchases Equipment that is the SmartInjectCT Solution (Empower CTA®+ Injector System and NEXO® Contrast Management System) at the end of the Term or earlier termination of this Agreement, Account may elect to continue to purchase the related subscription services from Bracco at the price then being offered by Bracco to its customers.

Neither this Agreement nor any right or interest hereunder may be assigned or sublicensed by Account. This Agreement contains all of the agreements between the parties with regard to the subject matter

hereof. No waiver or modification of this Agreement will be valid unless made in writing and signed by both parties.

CHOICE OF LAW: Intentionally Omitted

[Signature Page is Next]

IN WITNESS WHEREOF, Account and Bracco have executed this Agreement as of the Effective Date stated above.

Bracco Diagnostics Inc.

Account:

By: _____

By: _____

Name: _____

Name: Russell Bigler

Title: _____

Title: Chairman, Board of Governors

Notice Addresses:

Bracco Diagnostics Inc.

259 Prospect Plains Road, Building H

Monroe Township, NJ 08831

Attn: Legal Department

KERN COUNTY HOSPITAL AUTHORITY

1700 MOUNT VERNON AVE

BAKERSFIELD, CA 93306-4018

Attn: _____

BRACCO DIAGNOSTICS INC.

KERN COUNTY HOSPITAL AUTHORITY
1700 MOUNT VERNON AVE
BAKERSFIELD, CA 93306

EXHIBIT A

Customer	List No.	Product Description	Qty	Unit Price	Extended Total
C0000045902 KERN COUNTY HOSPITAL AUTHORITY BAKERSFIELD, CA 93306	109910	SMARTINJECTCT W/EDA CEILING	1	\$25,608.00	\$25,608.00
C0000045902 KERN COUNTY HOSPITAL AUTHORITY BAKERSFIELD, CA 93306	109911	SMARTINJECTCT W/EDA PEDESTAL	1	\$23,428.00	\$23,428.00

BRACCO DIAGNOSTICS INC.

KERN COUNTY HOSPITAL AUTHORITY
1700 MOUNT VERNON AVE
BAKERSFIELD, CA 93306

EXHIBIT B

Customer	List No.	Product Description	Qty	Unit Price	Extended Total
C0000045902 KERN COUNTY HOSPITAL AUTHORITY BAKERSFIELD, CA 93306	016296	BIOMED TRAINING- EMPOWERCT/CTA	1	\$2,250.00	\$2,250.00
C0000045902 KERN COUNTY HOSPITAL AUTHORITY BAKERSFIELD, CA 93306	650438	SMARTINJECTCT SOLN 60 MTH SUB	2	\$225.00	\$450.00

BRACCO DIAGNOSTICS INC.

KERN COUNTY HOSPITAL AUTHORITY
1700 MOUNT VERNON AVE
BAKERSFIELD, CA 93306

EXHIBIT C

Customer	List No.	Product Description	Qty	Unit Price	Extended Total
C0000045902 KERN COUNTY HOSPITAL AUTHORITY BAKERSFIELD, CA 93306	109810	EMPOWERCT / EMPOWERCTA INSTALL	2	\$0.00	\$0.00
C0000045902 KERN COUNTY HOSPITAL AUTHORITY BAKERSFIELD, CA 93306	109820	EMPOWERCT APPLICATIONSTRaining	1	\$0.00	\$0.00



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

March 20, 2019

Subject: Proposed Product Placement Agreement with Zimmer US, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Product Placement Agreement with Zimmer US, Inc. for the provision of compression therapy garments to patients throughout Kern Medical. The previous agreement was through our group purchasing agreement and Zimmer now requires a separate agreement. The cost of the purchased materials has not changed from our former agreement with the same vendor as reflected below:

Payment for Services	Previous Agreements	Proposed Agreement	Variance
Group Purchase	\$500,000	\$500,000	-0-

Therefore, it is recommended that your Board approve the Product Placement Agreement with Zimmer US, Inc. for the provision of compression therapy garments for a term of five (5) years beginning on the date of execution in an amount not to exceed \$500,000.

The Agreement contains non-standard terms and cannot be approved as to form by Counsel due to fees for inadequate product purchases, fees for early termination, no indemnification, waiver of jury trial, and prevailing party recovery of attorneys' fees and costs.

Zimmer Product Placement Agreement

Zimmer US, Inc. | 200 West Ohio Avenue, Dover, OH 44622

KERN COUNTY HOSPITAL AUTHORITY
DBA: KERN MEDICAL CENTER
1700 MT VERNON AVE
BAKERSFIELD, CA 93306
42204
("Customer")

Customer and Zimmer US, Inc. (the "Provider", and collectively with Customer, the "Parties") agree as follows:

The Parties agree that the purchase by Customer of the Minimum Quarterly Purchase Commitment of Disposables (set forth in A below) will fully compensate the Provider for the use of the Equipment identified in section B ("Equipment") for a period of [(5) years] ("Term"). This Agreement is subject to the Terms and Conditions below.

A: Disposables

Part #	Description Zimmer Products	Minimum Quarterly Purchase Commitment	5 Year Quantity	Price per Unit	Minimum Quarterly Payment (due in arrears), plus any applicable taxes
SEE EXHIBIT A	COMPRESSION THERAPY GARMENTS	180.75 BOXES	3,615 BOXES	SEE EXHIBIT A	\$15,978.10

B: Equipment

Part #	Description		Quantity
VP500DM	VASOPRESS SUPREME MINI BATTERY PUMP	EA	190

1. The Term of this Agreement shall begin on the first day of the month following Customer's receipt and acceptance of the Equipment and continue for the period specified above. During the Term of the Agreement, Provider shall invoice Customer for Disposables as they are ordered by Customer. At the end of each quarter Provider shall determine whether Customer's actual purchases of Disposables during such quarter met Customer's Minimum Quarterly Purchase Commitment. Provider shall invoice Customer for any shortfall. Any excess shall be applied to Customer's Minimum Quarterly Purchase Commitment for the next succeeding quarter. All invoices shall be payable within 30 days of the date of invoice. CUSTOMER'S OBLIGATION TO PAY THE MINIMUM QUARTERLY PAYMENT AND ALL OTHER OBLIGATIONS HEREIN FOR THE ENTIRE TERM OF THE AGREEMENT ARE NONCANCELABLE, ABSOLUTE AND UNCONDITIONAL AND ARE NOT SUBJECT TO ANY ABATEMENT, SET-OFF, DEFENSE OR COUNTERCLAIM FOR ANY REASON WHATSOEVER. If any payment is not paid on its due date, Customer shall, to the extent permitted by law, pay on demand, as a late charge, an amount equal to the greater of twenty five dollars (\$25.00) or five percent (5%) of the overdue payment.

2. Title to the Equipment shall remain with Provider at all times. Customer shall not encumber the Equipment in any way, and further shall not remove the Equipment from Customer's place of business without first obtaining written consent of Provider. Notwithstanding the foregoing, Customer hereby grants to Provider a security interest in the Equipment as security for all Customer's liabilities and obligations hereunder.

3. The following events shall constitute a default under this Agreement ("Event of Default"): (i) Customer violates any of the provisions under this Agreement; (ii) fails to make any payment within fifteen(15) days of its due date; (iii) if any of the following actions or proceedings are not dismissed within sixty (60) days after commencement: Customer's dissolution, insolvency, becoming the subject of a petition in bankruptcy, either voluntary or involuntary, or in any other proceeding under federal bankruptcy laws; making an assignment for benefit of creditors; or being named in a suit for the appointment of a receiver; or (iv) any default under any agreement between Customer and Provider or any assignee of Provider (other than this Agreement) or between Customer and any affiliate of Provider or any assignee. Following an Event of Default, Provider may exercise concurrently, or separately, without notice to Customer (unless specifically stated), any one or all of the following remedies: (i) repossess the Equipment; (ii) terminate this Agreement; and (iii) declare the Balance Remaining immediately due and payable. For purposes of this Agreement, the term "Balance Remaining" means an amount equal to the sum of all payments and charges then due, if any, and all unpaid payments to become due in the future through the remainder of the Term of this Agreement, plus the value of the Equipment Customer agrees to pay all of Provider's costs of enforcing Provider's rights against Customer, including attorneys' fees and court costs.

4. Customer agrees to accept, take delivery of, store, and maintain the Equipment in good repair, condition and in proper working order, use said Equipment as medically indicated and agrees to take full legal and financial responsibility for any and all loss, damage, or destruction of said Equipment while in Customer's possession until the Equipment is returned to Provider.

5. Provided Customer is not in breach of this Agreement, Customer shall be entitled to all Equipment warranties offered by the manufacturer. Customer's sole remedy for breach of any Equipment warranty shall be against the manufacturer. Customer waives any and all rights and remedies under Article 2A-508 through 522 of the Uniform Commercial Code.

6. Customer agrees that it shall (a) pay when due or reimburse Provider for all taxes, fees or other charges of any nature whatsoever now or hereafter imposed or assessed against Provider, Customer or the Equipment related to the use, possession and maintenance of the Equipment or Disposables supplied hereunder or with upon the rents, receipts or payments arising therefrom or with respect to this Agreement, and waives all claims against Provider for such expenses; (b) furnish proper storage and security for all Equipment supplied hereunder; and (c) pay or cause to be paid all

transportation and shipping charges incurred in connection with delivery to Customer or return to Provider of all Equipment supplied pursuant to this Agreement.

7. Customer hereby agrees to permit Provider, or its authorized representative, from time to time during normal business hours to enter the premises where Equipment supplied hereunder is stored for the purpose of inspecting and inventorying such Equipment and removing such Equipment if Customer fails to meet its obligations under this Agreement.

Zimmer Product Placement Agreement

Zimmer US, Inc. | 200 West Ohio Avenue, Dover, OH 44622

8. In accordance with federal regulations (42 C.F.R. § 1001.952(h)) any and all discounts and rebates on Equipment or Disposables made pursuant to, or in conjunction with, this Agreement must be treated by Customer as discounts on the Equipment or Disposables on which the discount is earned, and properly reported on Customer's Medicare and Medicaid cost reports, as applicable. Further, Customer shall properly report allocations of the cost of the Equipment and Disposables which shall be provided by Provider to Customer upon request. If Customer does not request an allocation, then Customer shall make an appropriate determination of the allocation of cost to the Equipment and Disposables.

9. Upon expiration of the Term of this Agreement, Customer will purchase the Equipment for \$1.00.

10. Customer will indemnify Provider for any loss, damage, cost, expense, liability or claim, including reasonable attorneys' fees and costs, of any kind or nature resulting from or arising out of Customer's use, selection, possession, operation, maintenance, condition, return or storage of the Equipment.

11. During the entire term of this Agreement, Customer will maintain adequate commercial general liability insurance and "all risk" property insurance covering the Equipment against physical damage or loss, including theft, for its full replacement cost. Customer's insurance shall name Provider and its assignees as lender's loss payee and additional insured and shall provide for 30 days' prior notice to Provider of any modification or cancellation. If requested by Provider, Customer shall provide evidence of such insurance coverage.

12. Customer shall not consolidate or merge with or into any other entity, liquidate, sell or dispose of all or any substantial portion of its ownership interests, properties or assets other than in the ordinary course of its business, without Provider's prior written consent, which shall not be unreasonably withheld. CUSTOMER HAS NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLET THE EQUIPMENT OR THIS AGREEMENT. Provider may sell, assign or transfer this Agreement or its rights in the Equipment without notice to Customer. If Provider sells, assigns or transfers its rights in this Agreement, Provider's assignee will have the same rights and benefits Provider has now, but none of Provider's obligations and Provider shall retain all obligations to provide Disposables to Customer hereunder. Customer agrees that the rights of the new owner will not be subject to any claim, defense or setoff that Customer may have against Provider.

13. Customer agrees to provide Provider, and any assignee of Provider, with such documentation as Provider may request to evidence Customer's compliance with its obligations hereunder, including without limitation, evidence of payment of all applicable taxes, and Customer's most recent annual financial statement (audited, if available), its most current interim financial statements or other financial information reasonably requested.

14. THIS AGREEMENT WILL BE GOVERNED BY, ENFORCED IN AND INTERPRETED ACCORDING TO THE LAWS OF THE STATE OF CALIFORNIA. CUSTOMER CONSENTS TO EXCLUSIVE JURISDICTION IN THE STATE OR FEDERAL COURTS OF CALIFORNIA. CUSTOMER EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY. In any enforcement of the terms of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party its reasonable attorneys' fees and costs.

15. This Agreement contains the entire agreement of the Parties. If any of the provisions of this Agreement shall be held invalid, illegal or unenforceable, that provision shall be considered inapplicable and omitted, but shall not invalidate any of the remaining provisions. No waiver or modification by Provider of any of the terms or conditions hereof shall be effective unless in writing signed by Provider. No waiver or indulgence by Provider of any default or deviation by Customer of any required performance shall be a waiver of Provider's right to subsequent or other full and timely performance. This Agreement shall be binding on the Parties and their respective successors and assigns. All notices to be provided hereunder shall be mailed or delivered by facsimile transmission or overnight courier to the respective Parties at the addresses shown herein or such other address as a Party may provide in writing from time to time.

Agreed and Accepted by:
Customer

Authorized Signature

Russell Bigler

Printed Name

Chairman, Board of Governors

Title

March 20, 2019

Date

Tax ID Number

Agreed and Accepted by:
Zimmer US, Inc.

Authorized Signature

Chris Japson

Printed Name

Capital Solutions Manager

Title

3/4/2019

Date

REVIEWED ONLY
NOT APPROVED AS TO FORM

By 
Legal Services Department

Zimmer Product Placement Agreement

Zimmer US, Inc. | 200 West Ohio Avenue, Dover, OH 44622

EXHIBIT A DISPOSABLE PRICING

<u>Item #</u>	<u>Description</u>	<u>Price per case</u>	<u>Disposable Price</u>
VP501MG	VASOPRESS CALF GREEN GARMENT MEDIUM	\$88.40	\$8.84
VP501LG	VASOPRESS CALF GREEN GARMENT LARGE	\$109.50	\$10.95
VP501BG	VASOPRESS CALF GREEN GARMENT BARIATRIC	\$177.20	\$17.72
VP520	VASOPRESS FOOT GARMENT (FITS L OR R) UP TO SIZE 13	\$206.20	\$20.62

Zimmer Product Placement Agreement

Zimmer US, Inc. | 200 West Ohio Avenue, Dover, OH 44622

STATE AND LOCAL GOVERNMENT ADDENDUM

Addendum to Zimmer Product Placement Agreement (the "Agreement") dated _____ between KERN COUNTY HOSPITAL AUTHORITY ("Customer") and Zimmer US, Inc. ("Provider", and collectively with Customer, the "Parties").

The Parties hereby agree to amend the Agreement as follows:

1. The following new section shall be added to the Agreement:

REPRESENTATIONS AND WARRANTIES OF CUSTOMER: Customer hereby represents and warrants to Provider that (a) Customer has been duly authorized by the Constitution and laws of the applicable jurisdiction and by resolution of its governing body to execute and deliver the Agreement, as amended, and to carry out its obligations under the Agreement; (b) all legal requirements have been met, and procedures have been followed, including public bidding, in order to ensure the enforceability of the Agreement, as amended; (c) the Agreement is in compliance with all laws applicable to Customer, including any debt limitations or limitations on interest rates or finance charges; (d) the Equipment will be used by Customer only for essential governmental or proprietary functions of Customer consistent with the scope of its authority, will not be used in trade or business of any person or entity, by the federal government or for any personal, family or household use, and Customer's need for the Equipment is not expected to diminish during the term of the Agreement; (e) Customer has funds available to pay contracted payments, including the Minimum Quarterly Purchase Commitment, until the end of Customer's current appropriation period, and Customer intends to request funds to make the contracted payments in each subsequent appropriation period during the Term of the Agreement, and (f) Customer's exact legal name is set forth on page one of the Agreement.

2. The following new section shall be added to the Agreement:

NON-APPROPRIATION OR RENEWAL: If either sufficient funds are not appropriated to make contracted payments or any other amounts due under the Agreement or (to the extent required by applicable law) the Agreement is not renewed, the Agreement shall terminate and Customer shall not be obligated to make contracted payments under the Agreement beyond the then-current fiscal year for which funds have been appropriated. Upon such event, Customer shall, no later than the end of the fiscal year for which contracted payments have been appropriated, deliver possession of the Equipment to Provider or its designee. If Customer fails to deliver possession of the Equipment, the termination shall nevertheless be effective but Customer shall be responsible, to the extent permitted by law and legally available funds, for the payment of damages in an amount equal to the portion of contracted payments thereafter coming due that is attributable to the number of days after the termination during which Customer fails to deliver possession and for any other loss suffered by Provider as a result of Customer's failure to deliver possession as required. Customer shall notify Provider in writing within seven days after Customer's failure to appropriate funds sufficient for the payment of the contracted payments or (to the extent required by applicable law) the Agreement is not renewed, but failure to provide such notice shall not operate to extend the Agreement term or result in any liability to Customer.

3. The last sentence of Section 1 of the Agreement shall be replaced in its entirety with the following:

If any payment is not paid on its due date, Customer shall, to the extent permitted by law and if Customer has legally available funds, pay on demand, as a late charge, an amount equal to the greater of twenty five dollars (\$25.00) or five percent (5%) of the overdue payment. \

4. The first clause (iv) of Section 3 of the Agreement shall be amended and restated in its entirety as follows:

(iv) Customer makes any false statement or misrepresentation to Provider, or (v) there has been a material adverse change in Customer's financial, business or operating condition.

5. Section 10 of the Agreement shall be amended and restated in its entirety as follows:

Customer shall not be required to indemnify or hold Provider harmless against liabilities arising from the Agreement. However, as between Customer and Provider, and to the extent permitted by law and legally available funds, Customer shall bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Equipment, including, but not limited to, the possession, ownership, lease, use or operation thereof, except that Customer shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after Customer has surrendered possession of the Equipment in accordance with the terms of the Agreement or that arise directly from Provider's gross negligence or willful misconduct. In the event any dispute or enforcement of rights under the Agreement, Customer will pay, to the extent permitted by law and to the extent of legally available funds, Provider's reasonable attorneys' fees (including any incurred before trial, on appeal or in any other proceeding), actual court costs and any other collection costs, including any collection agency fee.

6. Section 14 shall be amended and restated in its entirety as follows:

The Agreement will be governed by and construed in accordance with the laws of the state in which Customer is located. The Parties consent to jurisdiction and venue of any state or federal court in such state and waive the defense of inconvenient forum. CUSTOMER EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY.

In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on the Parties.

Agreed and Accepted by: Agreed and Accepted by:

Customer

Authorized Signature

Russell Bigler

Printed Name

Chairman, Board of Governors

Title

March 20, 2019

Date

Zimmer US, Inc.

Authorized Signature

Chris Depson

Printed Name

Capital Solutions Manager

Title

3/11/2019

Date

REVIEWED ONLY
NOT APPROVED AS TO FORM

By [Signature]
Legal Services Department



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

March 20, 2019

Subject: Comments Regarding Budget Variances for Operating Expenses – January 2019

Recommended Action: Receive and File

Summary:

The following items have budget variances for the month of January 2019:

Gross Operating Revenues:

Gross operating revenues are under budget for the month of January. As in prior month, the manual entry of outpatient charges into the billing system fell short of plan. Open staffing positions within the Physician Enterprise Department were filled and the new staff members are in training and becoming more proficient. Charge levels are expected to return to normal for February.

Indigent Funding:

Indigent funding revenue has a favorable budget variance for the month due in large part to a decision to reserve less revenue from the indigent programs in FY 2019 than was planned when the budget was prepared. Additional information received about these programs after the budget was prepared supports a high likelihood that these funds will be received. This will also more properly match revenue with the periods earned.

Other Revenue:

Other revenue has a favorable budget variance for the month due to payment received from Clinica Sierra Vista. Payment is for OB/GYN clinic staffing coverage that Kern Medical provided for Clinica during the period of June 2015 through January 2019. Clinica will be billed monthly going forward.

Registry Nurses:

Registry nurses expense has an unfavorable budget variance for the month. Kern Medical continues to rely on contracted nurse staffing to supplement the nursing departments while aggressively trying to recruit full time employed nurses.

Medical Fees:

Medical fees have an unfavorable budget variance for January primarily due to an under accrual of Weatherby Locums expenses in prior month. In addition, there was a significant increase in Total Renal services and expenses in January. In prior month there were 59 renal procedures and 39 treatments performed. In January renal procedures increased to 185 and treatments increased to 135.

Other Professional Fees:

Other professional fees have an unfavorable budget variance for January primarily due to the engagement of Clarity Technology Partners to provide IT staffing support during the Cerner implementation project.

Supplies Expense:

Supplies expenses have an unfavorable budget variance for the month of January, mainly due to above average expenses for pharmaceuticals and for prostheses procedures.

Purchased Services:

Purchased services have a favorable budget variance for the month primarily because Kern Medical is no longer contracted with Change Healthcare IT services. Prior months' expense accruals for this vendor were reversed.

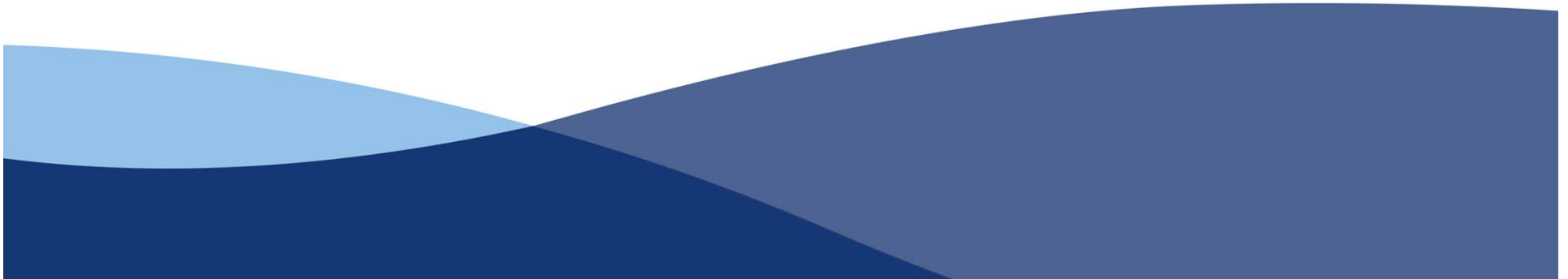
Other Expenses:

Other expenses have a favorable budget variance for the month of January due in part to a reimbursement for PG&E utilities expenses from the County Coroner's Office. The power usage for the Coroner's Office is currently measured using the same PG&E meter that is used for the hospital. In addition, a year-to-date reclassification of Strata Decision Technology software and services expense was made to move this expense to the computer software supplies line item.



**BOARD OF GOVERNORS' FINANCIAL REPORT
KERN MEDICAL – JANUARY 2019**

MARCH 2019



3-Month Trend Analysis: Revenue & Expense

January 31, 2019

		NOVEMBER	DECEMBER	JANUARY	BUDGET JANUARY	VARIANCE POS (NEG)	PY JANUARY
Gross Patient Revenue		\$ 66,895,758	\$ 66,966,564	\$ 71,720,473	\$ 75,466,622	(5%)	\$ 69,489,102
Contractual Deductions		(49,644,291)	(49,428,900)	(53,460,661)	(56,267,574)	(5.0%)	(49,557,631)
Net Revenue		17,251,467	17,537,664	18,259,812	19,199,049	(5%)	19,931,471
Indigent Funding		12,435,621	13,118,737	13,103,493	9,577,936	37%	9,759,609
Correctional Medicine		2,552,068	1,672,397	2,552,068	2,419,175	5%	1,613,842
County Contribution		285,211	285,211	285,211	285,602	(0.1%)	285,211
Incentive Funding		250,000	250,000	250,000	250,000	0%	0
Net Patient Revenue		32,774,367	32,864,009	34,450,584	31,731,762	9%	31,590,132
Other Operating Revenue		1,032,193	977,498	1,859,567	1,113,512	67%	901,952
Other Non-Operating Revenue		73,399	20,287	12,166	44,503	(73%)	99,900
Total Operating Revenue		33,879,959	33,861,794	36,322,317	32,889,777	10%	32,591,984
Expenses							
Salaries		12,497,006	13,852,811	13,956,940	14,350,717	(2.7%)	12,670,987
Employee Benefits		5,880,096	5,497,435	7,620,527	6,033,440	26%	5,975,264
Contract Labor		1,571,622	1,594,380	1,555,430	1,103,274	41%	1,090,377
Medical Fees		1,566,767	1,877,669	2,202,076	1,615,137	36.3%	1,421,410
Other Professional Fees		1,713,564	1,824,378	1,762,976	1,116,795	58%	990,253
Supplies		4,994,017	5,092,496	5,583,195	4,595,949	21%	5,152,027
Purchased Services		2,052,132	1,773,716	1,498,561	1,924,555	(22%)	2,966,046
Other Expenses		1,475,268	1,517,100	1,191,513	1,394,443	(15%)	1,359,542
Operating Expenses		31,750,472	33,029,984	35,371,217	32,134,311	10.07%	31,625,905
Earnings Before Interest, Depreciation, and Amortization (EBIDA)		2,129,487	831,810	951,100	755,467	26%	966,080
EBIDA Margin		6%	2%	3%	2%	14%	3%
Interest		170,641	45,185	33,080	50,504	(34%)	10,827
Depreciation		519,707	516,504	513,469	443,722	16%	440,285
Amortization		58,691	58,691	59,455	41,352	44%	38,790
Total Expenses		32,499,512	33,650,364	35,977,221	32,669,889	10.1%	32,115,807
Operating Gain (Loss)		1,380,447	211,430	345,097	219,888	57%	476,177
Operating Margin		4.1%	0.6%	1.0%	0.67%	42%	1.5%

Year-to-Date: Revenue & Expense						
January 31, 2019						
		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Gross Patient Revenue		\$ 497,541,856	522,550,298	-5%	\$ 502,901,527	(1.1%)
Contractual Deductions		(375,484,557)	(389,973,663)	-3.7%	(373,014,880)	0.7%
Net Revenue		122,057,299	132,576,635	-8%	129,886,647	
Indigent Funding		90,668,290	67,045,555	35%	64,021,058	42%
Correctional Medicine		16,984,806	16,934,223	0%	13,470,604	26%
County Contribution		1,996,477	1,999,216	-0.1%	1,996,477	0%
Incentive Funding		4,814,060	1,750,000	175%	0	0%
Net Patient Revenue		236,520,931	220,305,629	7%	209,374,785	13%
Other Operating Revenue		8,077,916	7,722,745	5%	7,522,097	7%
Other Non-Operating Revenue		311,424	308,649	1%	272,971	14%
Total Operating Revenue		244,910,271	228,337,023	7%	217,169,853	13%
Expenses						
Salaries		93,394,449	95,934,386	-3%	86,598,072	8%
Employee Benefits		43,020,465	42,063,578	2%	37,732,788	14%
Contract Labor		10,791,353	7,687,491	40%	8,311,925	30%
Medical Fees		13,242,838	11,169,193	19%	9,243,923	43%
Other Professional Fees		12,251,205	11,246,176	9%	9,779,385	25%
Supplies		36,042,686	31,915,648	13%	30,783,430	17%
Purchased Services		13,249,886	13,347,721	-1%	13,549,479	(2%)
Other Expenses		10,822,741	9,689,887	12%	10,142,771	7%
Operating Expenses		232,815,621	223,054,080	4%	206,141,772	13%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)		12,094,650	5,282,943	129%	11,028,082	10%
EBIDA Margin		5%	2%	113%	5%	-3%
Interest		2,448,239	353,527	593%	111,063	2,104%
Depreciation		3,611,447	3,691,859	-2%	3,686,853	(2%)
Amortization		398,375	289,463	38%	213,037	87%
Total Expenses		239,273,682	227,388,930	5%	210,152,725	14%
Operating Gain (Loss)		5,636,589	948,093	495%	7,017,128	(20%)
Operating Margin		2%	0.4%	454%	3%	(29%)

3-Month Trend Analysis: Cash Indicators

January 31, 2019

		NOVEMBER	DECEMBER	JANUARY	GOALS JANUARY	PY JANUARY
		30	31	31	31	31
Cash						
	Total Cash	19,329,540	24,373,434	19,376,420	16,128,821	56,860,816
	Days Cash On Hand	18	22	16	15	56
	Days In A/R - Gross	80.25	86.81	87.40	70.00	91.09
	Patient Cash Collections	\$ 13,527,677	\$ 15,241,673	\$ 17,771,247	\$ 17,145,851	\$ 19,544,737
Indigent Funding Liabilites Due to the State						
	FY 2007 Waiver Payable (County Responsibility)	\$ (745,824)	\$ (745,824)	\$ (745,824)	N/A	\$ (745,824)
	FY 2008 Waiver Payable (County Responsibility)	\$ (6,169,000)	\$ (6,169,000)	\$ (6,169,000)	N/A	\$ (6,169,000)
	FY 2009 Waiver Payable (County Responsibility)	\$ (2,384,000)	\$ (2,384,000)	\$ (2,384,000)	N/A	\$ (2,384,000)
	FY 2011 Waiver Payable (County Responsibility)	\$ (10,493,878)	\$ (10,493,878)	\$ (10,493,878)	N/A	\$ (10,493,878)
	Total County Responsibility	\$ (19,792,702)	\$ (19,792,702)	\$ (19,792,702)		\$ (19,792,702)
	FY 2015 Waiver Payable (Kern Medical Responsibility)	\$ (11,223,792)	\$ (11,223,792)	\$ (11,223,792)	N/A	\$ (11,223,792)
	FY 2016 Waiver Payable (Kern Medical Responsibility)	\$ (2,819,361)	\$ (2,819,361)	\$ (2,819,361)	N/A	\$ (2,819,361)
	DSH Payable (Kern Medical Responsibility)	\$ (26,851,210)	\$ (42,388,763)	\$ (42,388,763)	N/A	\$ (24,746,355)
	Total Kern Medical Responsibility	\$ (40,894,363)	\$ (56,431,916)	\$ (56,431,916)		\$ (38,789,508)
	Total Indigent Funding Liabilites Due to the State	\$ (60,687,065)	\$ (76,224,618)	\$ (76,224,618)	N/A	\$ (58,582,210)

3-Month Trend Analysis: Operating Metrics

January 31, 2019

					BUDGET	VARIANCE	PY
		NOVEMBER	DECEMBER	JANUARY	JANUARY	POS (NEG)	JANUARY
Operating Metrics							
	Total Expense per Adjusted Admission	22,113	23,196	24,859	20,795	20%	19,204
	Total Expense per Adjusted Patient Day	4,379	4,618	4,518	4,138	9%	4,084
	Supply Expense per Adjusted Admission	3,398	3,510	3,858	2,925	32%	3,081
	Supply Expense per Surgery	1,611	2,314	2,562	1,647	56%	1,962
	Supplies as % of Net Patient Revenue	15%	15%	16%	14%	12%	16%
	Pharmaceutical Cost per Adjusted Admission	1,710	1,610	1,735	1,296	34%	1,463
	Net Revenue Per Adjusted Admission	\$ 11,738	\$ 12,089	\$ 12,617	\$ 12,221	3%	\$ 11,918

Year-to-Date: Operating Metrics

January 31, 2019

			ACTUAL	BUDGET	VARIANCE	PY
			FYTD	FYTD	POS (NEG)	FYTD
						PY VARIANCE
						POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission		21,938	20,603	6%	19,252
	Total Expense per Adjusted Patient Day		4,325	4,099	6%	3,931
	Supply Expense per Adjusted Admission		3,305	2,892	14%	2,820
	Supply Expense per Surgery		2,061	1,503	37%	1,470
	Supplies as % of Net Patient Revenue		15%	14%	5%	15%
	Pharmaceutical Cost per Adjusted Admission		1,486	1,285.30	16%	1,197
	Net Revenue Per Adjusted Admission	\$	11,191	12,012	(7%)	\$ 11,899

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH JANUARY 31, 2019

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
300,833	316,667	(15,833)	-5%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	3,129,897	2,216,667	913,230	41%
2,375,592	1,250,311	1,125,280	90%	MEDI-CAL RATE-RANGE REVENUE	16,955,227	8,752,180	8,203,047	94%
150,417	158,333	(7,917)	-5%	PHYSICIAN SPA REVENUE	1,052,917	1,108,333	(55,417)	-5%
278,271	292,917	(14,646)	-5%	AB 915 OUTPATIENT SUPPLEMENTAL PROGRAM	3,197,236	2,050,417	1,146,820	56%
2,259,417	2,259,417	0	0.0%	PRIME - NEW WAIVER	15,815,917	15,815,917	0	0.0%
2,354,213	2,369,458	(15,245)	-0.6%	GPP - NEW WAIVER	16,653,846	16,586,208	67,638	0.4%
1,242,917	1,242,917	0	0.0%	WHOLE PERSON CARE	8,700,417	8,700,417	0	0.0%
1,399,167	1,064,583	334,583	31%	EPP REVENUE	13,444,166	7,452,083	5,992,083	80%
2,742,667	623,333	2,119,333	340%	QIP REVENUE	11,718,666	4,363,333	7,355,333	169%
13,103,493	9,577,936	3,525,556	37%	SUB-TOTAL - GOVERNMENTAL REVENUE	90,668,290	67,045,555	23,622,734	35%
2,552,068	2,419,175	132,893	5.5%	CORRECTIONAL MEDICINE	16,984,806	16,934,223	50,583	0.3%
285,211	285,602	(391)	-0.1%	COUNTY CONTRIBUTION	1,996,477	1,999,216	(2,739)	-0.1%
15,940,772	12,282,713	3,658,058	30%	TOTAL INDIGENT CARE & COUNTY FUNDING	109,649,572	85,978,994	23,670,579	28%

APPENDIX B

OTHER REVENUE

FOR THE MONTH JANUARY 31, 2019

OTHER OPERATING REVENUE

	MTD ACTUAL	MTD BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
MEDICAL POSTGRAD EDUCATION TUITION	255,340	282,810	(27,470)	1,790,180	1,961,425	(171,245)
STAFF DEVELOPMENT EDUCATION FEES	0	1,191	(1,191)	3,515	8,258	(4,743)
TRAUMA EDUCATION FEES	0	45	(45)	0	309	(309)
CAFETERIA REVENUE	78,639	81,321	(2,682)	564,941	563,999	942
FINANCE CHARGES-PATIENT AR	13,216	19,907	(6,691)	90,127	138,068	(47,941)
SALE OF SCRAP AND WASTE	0	(3)	3	0	(20)	20
REBATES AND REFUNDS	42,855	83,856	(41,000)	526,221	581,579	(55,358)
DRUG CO. CASH BACK	12,305	1,388	10,917	22,964	9,628	13,336
XRAY COPY FEES	0	0	0	15	0	15
PHOTOCOPY FEES	2,470	1,944	526	14,010	13,483	527
JURY WITNESS FEES	0	58	(58)	0	403	(403)
ADMINISTRATIVE FEES-PAYROLL	74	0	74	490	0	490
PHYSICIAN PROFESSIONAL FEE-ER LOCKBOX	2,503	2,658	(155)	45,277	18,433	26,844
PHYSICIAN PROFESSIONAL FEES-MCKESSON LOCKBOX	5,755	0	5,755	0	0	0
OTHER REVENUE	722,065	38,316	683,749	736,074	265,737	470,337
LASER CENTER REVENUE	29,884	50,959	(21,075)	129,275	353,425	(224,150)
CANCELLED OUTLAWED WARRANTS	0	5,508	(5,508)	(15,112)	38,199	(53,311)
GRANTS - KHS	149,459	219,493	(70,033)	751,645	1,522,288	(770,643)
MADDY FUNDS-EMERGENCY MEDICAL SERVICES	0	34,472	(34,472)	108,977	239,077	(130,100)
PRIMARY CARE & OTHER INCENTIVE	66,285	2,055	64,230	90,545	14,251	76,294
VETERANS ADMINISTRATION REVENUE	5,679	3,061	2,617	22,077	21,233	844
JAMISON CENTER MOU	57,624	23,162	34,461	191,681	160,642	31,039
BEHAVIORAL HEALTH MOU	376,563	223,904	152,660	2,082,608	1,552,881	529,727
PATERNITY DECLARATION REVENUE	2,220	1,082	1,138	8,270	7,501	769
PEDIATRIC FORENSIC EXAMS	33,500	8,281	25,219	47,300	57,432	(10,132)
FOUNDATION CONTRIBUTIONS	0	3,535	(3,535)	29,342	24,514	4,828
DONATED EQUIPMENT	0	9,095	(9,095)	168,019	63,082	104,937
PAY FOR PERFORMANCE	0	10,859	(10,859)	218,990	75,312	143,678
PROPOSITION 56 DIRECTED PAYMENTS	0	0	0	432,745	0	432,745
WORKERS COMPENSATION REFUNDS	0	14	(14)	0	98	(98)
TOTAL OTHER OPERATING REVENUE	1,859,567	1,113,512	746,055	8,077,916	7,722,745	355,170

OTHER NON-OPERATING REVENUE

OTHER MISCELLANEOUS REVENUE	1,076	228	848	(27,951)	1,579	(29,530)
INTEREST ON FUND BALANCE	11,090	44,275	(33,185)	339,375	307,070	32,305
TOTAL OTHER NON-OPERATING REVENUE	12,166	44,503	(32,337)	311,424	308,649	2,775

KERN MEDICAL BALANCE SHEET		
	January 2019	January 2018
CURRENT ASSETS:		
CASH	\$19,376,420	\$56,860,816
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	195,304,050	203,866,307
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(149,339,403)	(162,768,472)
-NET OF CONTRACTUAL ALLOWANCES	45,964,647	41,097,835
CORRECTIONAL MEDICINE RECEIVABLE	285,211	0
MD SPA	6,269,339	4,896,362
HOSPITAL FEE RECEIVABLE	(128,511)	874,696
CPE - O/P DSH RECEIVABLE	3,687,138	6,430,383
BEHAVIORAL HEALTH MOU	701,622	492,295
MANAGED CARE IGT (RATE RANGE)	25,498,354	10,418,208
RECEIVABLE FROM LIHP	(6,547,536)	(6,547,536)
OTHER RECEIVABLES	3,886,197	3,047,229
PRIME RECEIVABLE	15,017,420	14,016,424
AB85/75% DEFAULT PCP RECEIVABLE	-	5,536,324
GPP (Global Payment Program)	1,493,288	935,438
WPC (Whole Person Care)	9,483,918	8,465,488
EPP (Enhanced Payment Program)	32,444,166	0
QIP (Quality Incentive Program)	11,718,666	0
INTEREST ON FUND BALANCE RECEIVABLE	124,503	47,213
MANAGED CARE IGT (SPD)	0	(1,438,996)
WAIVER RECEIVABLE FY07	(745,824)	(745,824)
WAIVER RECEIVABLE FY08	(6,169,000)	(6,169,000)
WAIVER RECEIVABLE FY09	(2,384,000)	(2,384,000)
WAIVER RECEIVABLE FY10	579,696	579,696
WAIVER RECEIVABLE FY11	(10,493,878)	(10,493,878)
WAIVER RECEIVABLE FY12	679,308	679,308
WAIVER RECEIVABLE FY15	(11,223,792)	(11,223,792)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	3,647,053	5,608,568
PREPAID MORRISON DEPOSIT	813,320	799,706
INVENTORY AT COST	5,666,939	4,282,853
TOTAL CURRENT ASSETS	146,825,304	123,246,457
PROPERTY, PLANT & EQUIPMENT:		
LAND	1,683,786	170,401
EQUIPMENT	52,070,200	49,362,846
BUILDINGS	89,144,495	82,462,625
CONSTRUCTION IN PROGRESS	27,438,316	8,524,488
LESS: ACCUMULATED DEPRECIATION	(92,926,183)	(87,298,791)
NET PROPERTY, PLANT & EQUIPMENT	77,410,615	53,221,569
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	14,715,666	12,864,446
ACCUMULATED AMORTIZATION INTANGIBLES	(11,405,611)	(10,763,406)
NET INTANGIBLE ASSETS	3,310,055	2,101,040
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	70,895,681	71,902,645
INVESTMENT IN SURGERY CENTER	3,643,659	0
CASH HELD BY COP IV TRUSTEE	922,330	912,973
TOTAL LONG-TERM ASSETS	75,461,670	72,815,618
TOTAL ASSETS	\$303,007,644	\$251,384,684

KERN MEDICAL BALANCE SHEET		
	January 2019	January 2018
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$18,087,140	\$21,568,956
ACCRUED SALARIES & EMPLOYEE BENEFITS	23,658,610	20,128,392
INTEREST PAYABLE	4,054,003	215,691
OTHER ACCRUALS	3,329,538	5,724,311
ACCRUED CWCAP LIABILITY	0	0
CURRENT PORTION - CAPITALIZED LEASES	1,683,184	135,836
CURR LIAB - COP 2011 PAYABLE	1,131,693	1,085,718
CURR LIAB - P.O.B.	1,203,532	1,114,513
MEDICARE COST REPORT LIABILITY PAYABLE	0	2,335,732
MEDI-CAL COST REPORT LIABILITY	845,580	1,430,435
INDIGENT FUNDING PAYABLE	11,814,662	15,698,237
DSH PAYABLE	42,388,763	24,746,355
CREDIT BALANCES PAYABLES	2,772,002	4,542,042
DEFERRED REVENUE - COUNTY CONTRIBUTION	6,189,587	6,691,955
TOTAL CURRENT LIABILITIES	117,158,294	105,418,175
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	0	1,131,693
NET UNAMORTIZED DISCOUNT COP	39,985	59,978
LONG-TERM LIABILITY - CAPITAL LEASES	6,267,636	1,387,154
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,306,044	4,201,203
NET PENSION LIABILITY	293,255,458	329,935,445
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,842,004	14,722,232
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	4,329,041	3,917,723
L.T. P.O.B. PAYABLE 95	11,590,866	16,695,541
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	6,906,444	3,474,640
ACCRUED WORKERS' COMPENSATION PAYABLE	8,511,000	6,773,000
DEFERRED INFLOWS - PENSIONS	69,247,058	22,238,926
PENSION OBLIGATION BOND PAYABLE	2,643,205	3,678,145
ACCRUED COMPENSATED ABSENCES	3,830,085	3,830,085
TOTAL LONG-TERM LIABILITIES	431,161,719	417,438,657
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	36,714,021	39,814,215
RETAINED EARNINGS - PRIOR YEAR	(282,026,391)	(311,286,363)
TOTAL NET POSITION	(245,312,370)	(271,472,148)
TOTAL LIABILITIES & NET POSITION	\$303,007,644	\$251,384,684



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

March 20, 2019

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

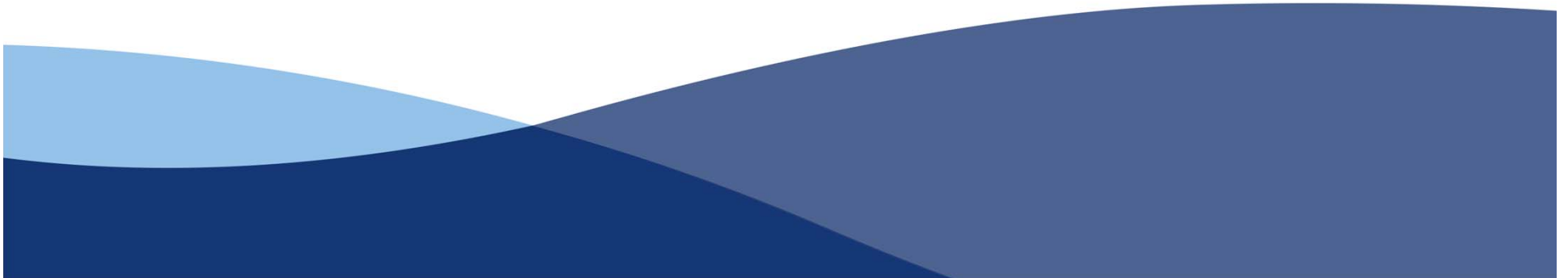
Summary:

The Chief Executive Officer has provided the attached 3-month trend Analysis: Volume and Strategic Indicators for Kern Medical



**BOARD OF GOVERNORS' VOLUMES REPORT
KERN MEDICAL – JANUARY 2019**

MARCH 2019



3-Month Trend Analysis: Volume and Strategic Indicators

January 31, 2019

		NOVEMBER	DECEMBER	JANUARY	BUDGET JANUARY	VARIANCE POS (NEG)	PY JANUARY
VOLUME							
	Adjusted Admissions (AA)	1,470	1,451	1,447	1,571	(8%)	1,672
	Adjusted Patient Days	7,422	7,287	7,963	7,896	0.8%	7,863
	Admissions	743	785	785	852	(8%)	855
	Average Daily Census	125	127	139	138	1%	130
	Patient Days	3,752	3,943	4,319	4,283	1%	4,020
	Available Occupancy %	58.4%	59.4%	65.1%	64.6%	1%	60.6%
	Average LOS	5.0	5.0	5.5	5.0	9.5%	4.7
	Surgeries						
	Inpatient Surgeries (Main Campus)	185	179	182	236	(23%)	236
	Outpatient Surgeries (Main Campus)	253	225	253	208	22%	208
	Total Surgeries	438	404	435	444	(2%)	444
	Births	223	242	211	219	(4%)	213
	ER Visits						
	Admissions	375	401	416	439	(5%)	467
	Treated & Released	3,618	3,555	3,723	4,182	(11%)	3,928
	Total ER Visits	3,993	3,956	4,139	4,621	(10%)	4,395
	Trauma Activations	223	200	193	243	(21%)	198
	Outpatient Clinic Visits						
	Total Clinic Visits	12,726	12,064	13,814	12,804	8%	12,582
	Total Unique Patient Clinic Visits	9,578	9,244	10,108	10,072	0.4%	9,897
	New Unique Patient Clinic Visits	1,858	1,499	1,718	2,172	(21%)	2,215

Year-to-Date: Volume and Strategic Indicators

January 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	10,907	11,037	(1%)	10,916	(0.1%)
	Adjusted Patient Days	55,320	55,469	(0.3%)	53,458	3%
	Admissions	5,562	6,039	(8%)	5,892	(6%)
	Average Daily Census	131	141	(7%)	135	(3%)
	Patient Days	28,211	30,353	(7%)	29,064	(3%)
	Available Occupancy %	61.3%	66%	(7%)	63.2%	(3%)
	Average LOS	5.1	5.0	1%	4.9	2.8%
	Surgeries					
	Inpatient Surgeries (Main Campus)	1,435	1,658	(13%)	1,651	(13%)
	Outpatient Surgeries (Main Campus)	1,738	1,702	2%	1,695	3%
	Total Surgeries	3,173	3,360	(6%)	3,346	(5%)
	Births	1,631	1,555	5%	1,550	5%
	ER Visits					
	Admissions	2,823	2,960	(4.6%)	3,082	(8%)
	Treated & Released	26,152	28,195	(7%)	25,832	1%
	Total ER Visits	28,975	31,155	(7%)	28,914	0.2%
	Trauma Activations	1,563	1,639	(5%)	1,759	(11%)
	Outpatient Clinic Visits					
	Total Clinic Visits	90,473	86,362	5%	81,429	11%
	Total Unique Patient Clinic Visits	67,504	67,090	1%	63,218	7%
	New Unique Patient Clinic Visits	12,758	14,040	(9%)	13,341	(4%)

3-Month Trend Analysis: Payor Mix

January 31, 2019

					BUDGET	VARIANCE	PY
		NOVEMBER	DECEMBER	JANUARY	JANUARY	POS (NEG)	JANUARY
PAYOR MIX - Charges							
	Commercial FFS/HMO/PPO	8.3%	9.2%	7.6%	10.4%	(27%)	10.8%
	Medi-Cal	29.4%	28.7%	30.7%	30.0%	2%	31.1%
	Medi-Cal HMO - Kern Health Systems	30.2%	29.5%	31.5%	30.8%	2%	32.0%
	Medi-Cal HMO - Health Net	8.9%	8.6%	9.2%	9.0%	2%	9.4%
	Medi-Cal HMO - Other	1.0%	1.0%	1.1%	0.4%	165%	1.1%
	Medicare	12.1%	11.8%	11.4%	10.5%	9%	11.1%
	Medicare - HMO	2.6%	4.4%	2.9%	2.1%	39%	1.9%
	County Programs	0.3%	0.3%	0.3%	0.3%	17%	0.3%
	Workers' Compensation	0.43%	0.30%	0.25%	0.5%	(48%)	0.5%
	Self Pay	6.7%	6.2%	5.0%	6.0%	(16%)	1.8%
	Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix						
January 31, 2019						
		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS/HMO/PPO	8.4%	10.4%	(19%)	11.1%	(24%)
	Medi-Cal	29.9%	30%	(0.3%)	29.8%	0.2%
	Medi-Cal HMO - Kern Health Systems	30.7%	31%	(0.3%)	30.6%	0.2%
	Medi-Cal HMO - Health Net	9.0%	9%	(0.3%)	9.0%	0.2%
	Medi-Cal HMO - Other	1.1%	0.4%	158%	1.1%	0.2%
	Medicare	10.5%	10%	1%	10.0%	4%
	Medicare - HMO	2.9%	2%	42%	2.1%	42%
	County Programs	0.3%	0.3%	18%	0.5%	(35%)
	Workers' Compensation	0.3%	0.5%	(27%)	1.0%	(66%)
	Self Pay	6.9%	6%	11%	4.8%	43%
	Total	100.0%	100%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

January 31, 2019

					BUDGET	VARIANCE	PY
		NOVEMBER	DECEMBER	JANUARY	JANUARY	POS (NEG)	JANUARY
Labor Metrics							
	Productive FTEs	1,388.41	1,358.95	1,413.60	1,480.05	(4%)	1,345.17
	Non-Productive FTEs	264.31	282.95	229.93	214.62	7%	230.77
	Contract Labor FTEs	96.68	90.38	84.26	76.77	10%	79.23
	Total FTEs	1,652.72	1,641.90	1,643.53	1,694.67	(3%)	1,575.94
	FTE's Per AOB Paid	6.68	6.99	5.97	6.65	(10%)	6.21
	FTE's Per AOB Worked	5.61	5.78	5.14	5.81	(12%)	5.30
	Labor Cost/FTE (Annualized)	130,389.50	137,928.20	152,319.55	136,724.01	11%	134,694.19
	Benefits Expense as a % of Benefitted Labor Expense	63%	52%	70%	56%	26%	61%
	Salaries & Benefits as % of Net Patient Revenue	61%	64%	67%	68%	(1%)	62%

Year-to-Date: Labor and Productivity Metrics

January 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,415.37	1,479	(4%)	1,355.32	4%
	Non-Productive FTEs	234.54	214	9%	216.89	8%
	Contract Labor FTEs	94.68	77	23%	86.54	9%
	Total FTEs	1,649.91	1,693	(3%)	1,572.21	5%
	FTE's Per AOB Paid	6.36	7	(3%)	6.28	1%
	FTE's Per AOB Worked	5.45	6	(5%)	5.42	1%
	Labor Cost/FTE (Annualized)	137,761.13	132,607	4%	129,424.01	6%
	Benefits Expense as a % of Benefitted Labor Expense	62%	58%	6%	58%	6%
	Salaries & Benefits as % of Net Patient Revenue	62%	66%	(6%)	63%	(2%)

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

Health and Safety Code Section 101855(j)(2)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on March 20, 2019, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on March 20, 2019, 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: Susan Villarreal v. Kern Medical Center, Workers' Compensation Appeals Board Case No. ADJ9865005 –

**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 March 20, 2019, 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)) –