



## **AGENDA**

### **KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS**

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

Regular Meeting  
Wednesday, April 20, 2016

11:30 A.M.

#### **BOARD TO RECONVENE**

Board Members: Berjis, Bigler, Bynum, McGauley, McLaughlin, Nilon, Sistrunk  
Roll Call:

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on March 30, 2016 –  
APPROVE

CA

- 4) Proposed Resolution appointing Russell V. Judd, Andrew J. Cantu, Alton Scott Thygerson, Jared W. Leavitt, Glenn E. Goldis, M.D., and Antoinette C. Smith, RN, MSN, to serve as initial officers of the Kern County Hospital Authority –  
APPROVE; ADOPT RESOLUTION
- 5) Proposed Agreement with the County of Kern for employee benefit services –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- 6) Proposed presentation by the Kern Medical Chief Medical Officer regarding overview of the Medical Staff and related departments –  
HEAR PRESENTATION; RECEIVE AND FILE
- 7) Proposed approval of Medical Staff and related department policies –  
APPROVE POLICIES
- 8) Introduction of elected officers of the Medical Staff of Kern Medical Center –  
INTRODUCE ELECTED OFFICERS

- 9) Proposed approval of transitional credentialing process of members of the Medical Staff of Kern Medical Center who are in good standing –  
APPROVE; ADOPT RESOLUTION
- 10) Proposed approval of the Bylaws of the Medical Staff of Kern Medical Center –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA
- 11) Proposed Resolution creating a separate Allied Health Professional (AHP) status for practitioners who are not eligible for Medical Staff membership and recognizing five categories of AHP –  
APPROVE; ADOPT RESOLUTION
- CA
- 12) Proposed Agreement with the County of Kern for sharing of practitioner information to facilitate the credentialing of current Medical Staff members (Fiscal Impact: None) –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- 13) Request to establish an interest-bearing fund and budget unit in the County of Kern financial management system for the Kern County Hospital Authority –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN CORRESPONDENCE REQUESTING ESTABLISHMENT OF FUND
- 14) Proposed administrative policy on purchasing and budgetary controls –  
APPROVE POLICY
- 15) Proposed approval of Office of Pharmacy Affairs Hospital Certification of Ownership/ Operation by a Local Unit of Government to meet eligibility requirements –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA
- 16) Proposed Agreement with the County of Kern for joint use of the common area at the Mount Vernon medical complex which includes Kern Medical, parking lots, parking lot lights, signage, landscaping, and utilities –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA
- 17) Proposed Agreement with the County of Kern for lease of a portion of the Kern Medical Campus Pharmacy within the Coroner's building, for outpatient pharmacy –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA
- 18) Proposed Agreement with the County of Kern for lease of office trailers, for use by the Kern Medical Human Resources Department –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 19) Proposed Agreement with the County of Kern for lease of a portion of the multi-purpose warehouse, for materials management storage space –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 20) Proposed Agreement with the County of Kern for lease of a portion of the office space at 2700 “M” Street, for use by the Kern Medical Finance Department –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 21) Proposed correspondence in support of SB 815 and AB 1568 regarding California’s 1115 Medicaid waiver, titled Medi-Cal 2020 –  
APPROVE; AUTHORIZE VICE CHAIRMAN TO SIGN CORRESPONDENCE IN SUPPORT

CA

- 22) Miscellaneous Documents –  
RECEIVE AND FILE

- A) Tracking Page of letter sent from Russell E. Bigler, Chairman, Kern County Hospital Authority Board of Governors, to Kern County Board of Supervisors approving the initial appointment of Russell V. Judd as Chief Executive Officer of Kern County Hospital Authority on April 5, 2016 –

CLOSED SESSION

- 23) 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, MAY 4, 2016 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.



## SUMMARY OF PROCEEDINGS

### KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting  
Wednesday, March 30, 2016

11:30 A.M.

#### BOARD RECONVENED

Directors present: Berjis, Bigler, Bynum, McGauley, McLaughlin, Nilon, Sistrunk

Directors absent: None

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

#### 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 RECOGNIZED DIRECTOR SISTRUNK AND WELCOMED HER TO THE BOARD OF DIRECTORS

CHAIRMAN BIGLER ANNOUNCED HE WILL BE ABSENT FROM THE REGULAR MEETING ON APRIL 20, 2016

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on March 16, 2016 –  
APPROVED WITH THE FOLLOWING CORRECTIONS: ITEM 7 CONCERNING THE RESOLUTION ESTABLISHING THE REGULAR MEETING DATES OF THE KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS FOR CALENDAR YEAR 2016, THE RESOLUTION WILL BE NUMBERED 2016-001; ITEM 10 CONCERNING THE RESOLUTION RECOGNIZING EMPLOYEE ORGANIZATIONS, THE RESOLUTION WILL BE NUMBERED 2016-002  
**Nilon-McGauley: All Ayes**
- 4) Proposed Resolution for inclusion of the Kern County Hospital Authority in the Kern County Employees' Retirement Association (KCERA) and approval of Employer Participation Agreement with KCERA –  
APPROVED; ADOPTED RESOLUTION 2016-003; AUTHORIZED CHAIRMAN TO SIGN SUBJECT TO APPROVAL AS TO FORM BY COUNSEL  
**Nilon-McLaughlin: All Ayes**
- 5) Proposed Resolution delegating authority to the Chief Executive Officer of the Kern County Hospital Authority to enter into contracts and to secure and pay for certain professional and special services –  
CONTINUED; REFERRED TO COUNSEL FOR A LEGAL OPINION ON AUTHORITY OF THE BOARD TO ACT ON THE REQUEST  
**Nilon-McLaughlin: All Ayes**
- 6) Proposed administrative policy on the development of policies and procedures –  
APPROVED POLICY  
**Nilon-McGauley: All Ayes**
- 7) Proposed Memorandum of Understanding (MOU) with CSAC Excess Insurance Authority for participation in the CSAC excess workers' compensation program –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN  
**McLaughlin-Sistrunk: All Ayes**

8) Proposed presentation on Kern Medical Center Foundation –  
HEARD PRESENTATION; RECEIVED AND FILED  
**Nilon-McGauley: All Ayes**

9) Miscellaneous Documents –  
RECEIVED AND FILED  
**McGauley-Sistrunk: All Ayes**

A) Letter to Kern County Board of Supervisors requesting approval of initial appointment of Russell V. Judd as Chief Executive Officer of Kern County Hospital Authority

ADJOURNED TO WEDNESDAY, APRIL 20, 2016 AT 11:30 A.M.  
**Bynum**

/s/ Raquel D. Fore  
Authority Board Coordinator

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



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

April 20, 2016

**SUBJECT: Appointment of the Hospital Officers**

**Required Action: Approve; Adopt Resolution**

Requesting Board approve and adopt the Resolution regarding the Hospital Authority Board appointment of Hospital Officers. The following individuals by name and title as initial officers of the Kern County Hospital Authority:

Chief Executive Officer:	Russell V. Judd
Chief Financial Officer:	Andrew J. Cantu
Chief Strategy Officer:	Alton Scott Thygerson
Chief Operating Officer:	Jared W. Leavitt
Chief Medical Officer:	Glenn E. Goldis, M.D.
Chief Nursing Officer:	Antoinette C. Smith, RN, MSN

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

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In the matter of:

Resolution No. \_\_\_\_\_

**APPOINTING RUSSELL V. JUDD, ANDREW J.  
CANTU, ALTON SCOTT THYGERSON, JARED W.  
LEAVITT, GLENN E. GOLDIS, M.D., AND  
ANTOINETTE C. SMITH, RN, MSN, TO SERVE AS  
INITIAL OFFICERS OF THE KERN COUNTY  
HOSPITAL AUTHORITY**

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I, RAQUEL FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 20th day of April, 2016, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

**RAQUEL D. FORE**  
Authority Board Coordinator  
Kern County Hospital Authority

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Raquel D. Fore

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**RESOLUTION**

Section 1. WHEREAS:

(a) Pursuant to the Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.), the California Legislature authorized the County of Kern to establish the Kern County Hospital Authority (“Hospital Authority”) and to transfer the ownership, control, management, and operation of Kern Medical Center to the Hospital Authority. Health and Safety Code section 101855(a)(6) provides that the Hospital Authority shall

have the power “to appoint and employ or otherwise engage a chief executive officer and other officers and employees that may be necessary or appropriate, ...and to define the power and duties of officers and employees”; and

(b) Section 2.170.070 of the Ordinance Code of the County of Kern (“Ordinance Code”) titled *Powers of Hospital Authority* provides that “the Hospital Authority shall have the power to appoint and employ or otherwise engage a chief executive officer and other necessary officers and employees”; and

(c) Section 2.170.080 of the Ordinance Code also provides that the “Board of Supervisors shall approve the initial and any successive Chief Executive Officer of the Hospital Authority prior to his or her appointment by the Hospital Authority”; and

(d) Section 5.01 of the Hospital Authority Bylaws for Governance provides that “the Board of Governors shall appoint a competent and experienced Chief Executive Officer, subject to the prior approval by the Board of Supervisors, to have responsibility for the general management of the Hospital Authority...Subject to the rights of the Board of Supervisors, the Chief Executive Officer shall be employed, contracted with, or otherwise engaged by the Hospital Authority”; and

(e) On March 16, 2016, by a unanimous vote of those Directors present, the Board of Governors recommended Russell V. Judd be appointed the Chief Executive Officer of the Hospital Authority and referred the matter to the Board of Supervisors for approval; and

(f) On April 5, 2016, the Board of Supervisors approved the initial appointment of Russell V. Judd as the Chief Executive Officer of the Hospital Authority; and

(g) Section 4.03 of the Hospital Authority Bylaws for Governance provides that “the Chief Financial Officer shall be appointed by the Chief Executive Officer.... Prior to appointing the Chief Financial Officer, the Chief Executive Officer shall consult with and receive direction from the Board of Governors”; and

(h) On March 16, 2016, Russell V. Judd consulted with and received direction from the Board of Governors regarding the appointment of a Chief Financial Officer of the Hospital Authority; and

(i) On March 16, 2016, by a unanimous vote of those Directors present, the Board of Governors approved the recommendation of Russell V. Judd to appoint Andrew J. Cantu as the Chief Financial Officer of the Hospital Authority; and

(j) Currently the Hospital Authority has no officers or employees.

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

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

2. This Board hereby appoints the following individuals by name and title as initial officers of the Kern County Hospital Authority:

Chief Executive Officer:	Russell V. Judd
Chief Financial Officer:	Andrew J. Cantu
Chief Strategy Officer:	Alton Scott Thygerson
Chief Operating Officer:	Jared W. Leavitt
Chief Medical Officer:	Glenn E. Goldis, M.D.
Chief Nursing Officer:	Antoinette C. Smith, RN, MSN

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

Office of County Counsel  
County Administrative Office  
Kern Medical Center  
Clerk of the Kern County Board of Supervisors



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

April 20, 2016

**SUBJECT: Adoption of Health Benefits Eligibility Document**

**Required Action: Approve; Adopt Resolution**

Requesting Board approve and adopt the Resolution regarding County of Kern Health Benefits Eligibility Policy ("Policy") for the Kern County Hospital Authority effective July 1, 2016. The Policy outlines the eligibility guidelines for employees and dependents for employee medical, dental and vision health benefits.

**EMPLOYEE BENEFIT SERVICES AGREEMENT**

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**BY AND BETWEEN**  
**THE COUNTY OF KERN**  
**AND**  
**KERN COUNTY HOSPITAL AUTHORITY**

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\_\_\_\_\_, 2016

## EMPLOYEE BENEFIT SERVICES AGREEMENT

This Employee Benefit Services Agreement (“Agreement”) is entered into between the county of Kern (“Seller”) and the Kern County Hospital Authority (“Buyer”) to provide for the continued provision of employee benefit services by Seller to Buyer during the periods specified in this Agreement. This Agreement is an exhibit to and an integral part of that certain Master Contract for the Transfer of Health Facilities (“Master Contract”) between Buyer and Seller of even date herewith. Defined terms in the Master Contract shall have the same meaning in this Agreement.

1. Seller will provide the following employee benefits services to Buyer.
  - A. Seller will continue to provide medical, dental and vision employee benefits to Buyer’s employees for the balance of 2016 and, by mutual agreement of the parties, for subsequent years. Buyer will adopt these plans as a participating employer for the balance of 2016, and, by mutual agreement of the parties, for subsequent years, as provided for in the County of Kern Health Benefits Eligibility Policy, which may be amended in the sole discretion of the Seller. Benefit elections and coverage levels for Transferred Employees will continue in effect following the Closing Date for the balance of 2016. Regardless of whether other benefits are continued, Buyer will continue to offer the Kern Legacy Health Plan to its employees as its preferred option for so long as Seller offers the Kern Legacy Health Plan to its employees as its preferred option, in accordance with the Kern Legacy Health Plan Master Services Agreement that is attached hereto as Exhibit 1.
  - B. Seller will make arrangements with third-party administrators of existing Seller voluntary employee benefit programs to continue the programs for Transferred Employees for the balance of 2016, and, by mutual agreement of the parties, for subsequent years. Seller will provide necessary administrative support during this period. Buyer will sign all documents and take all actions as necessary to implement this arrangement.
  - C. Seller’s Code Section 125 cafeteria plan will be assumed and adopted by Buyer as an additional adopting employer for the balance of 2016, and, by mutual agreement of the parties, for subsequent years. All elections and flexible spending account balances for Transferred Employees will remain intact following transfer for the balance of 2016. Seller will also provide these services for any grace period occurring in 2017 attributable to 2016 flexible spending account deferrals.
  - D. Buyer will coordinate with Seller in making required contributions for Legacy Employee benefits under KCERA. Buyer shall make all periodic employer pension contributions that together with contributions by employees and earnings thereon are necessary to fund all benefits administered by KCERA. If and when Buyer stops using Seller’s payroll

services, Buyer shall certify to Seller that it has made periodic required KCERA contributions in the amounts and due dates set by KCERA.

- E. Seller will continue to administer and process its OPEB retiree health program benefits for Legacy Employees who were hired by Seller before March 21, 2016 and did not opt out of OPEB retiree health program benefits. Seller will also, upon their retirement from Buyer, provide Health Reimbursement Arrangement credits to Legacy Employees who were hired by Seller before March 21, 2016, opted out of OPEB retiree health benefits, and became entitled to such Health Reimbursement Arrangement credits under the terms of a Memorandum of Understanding entered into by Seller and in effect on March 21, 2016. Buyer will be responsible for contributing funding for such Legacy Employees as determined by Seller based on either an actuarial valuation of separate OPEB subaccounts specific to Buyer but maintained by Seller or a composite rate based on the general actuarial valuation for the OPEB retiree health program, or the Health Reimbursement Arrangement, as applicable.
- F. Buyer will reimburse Seller for the unemployment benefits of Legacy Employees, who are not Transferred Employees, as they come due.
- G. Seller will add Buyer as an additional employer under its Code Section 415(m) deferred compensation plan for the benefit of affected Transferred Employees and administer such benefits. Buyer will take such action and execute such documents as are necessary to effectuate this provision.
- H. Seller will continue to provide plan administration services for participation in the Seller's Code Section 457(b) plan by Buyer employees. Buyer will adopt the Seller's 457(b) plan as an additional sponsoring employer. Buyer will take all action and execute all documents necessary to adopt Seller's 457(b) plan as an additional employer.
- I. Seller will provide payroll services to Buyer for the balance of 2016, and, by mutual agreement of the parties, for subsequent years. During 2016, Buyer will act as successor employer within the meaning of Internal Revenue Code Section 3121(a)(1) and, if the parties so agree, issue a single Form W-2 to Transferred Employees covering both compensation earned with the Seller prior to the Closing Date and with the Buyer on and after the Closing Date. During 2016, Buyer will also act as the successor employer for purposes of Affordable Care Act reporting. If the parties so agree, Buyer will be responsible for reporting as a large employer and filing forms 1094-C and 1095-C to Transferred Employees and Internal Revenue Service for the period January 1, 2016 to December 31, 2016, covering both medical plan coverage offered by Seller prior to the Closing Date and with the Buyer on and after the Closing Date. If the parties agree

that Buyer will issue single forms for all of 2016, then Seller will provide Buyer with such information as is necessary for Buyer to prepare, file and distribute combined IRS Forms W-2, 1094-C and 1095-C referenced in this paragraph and any related Federal and State forms.

- J. Seller will make arrangements with its third party employee assistance plan (“EAP”) provider to continue providing EAP services for Transferred Employees and other Buyer employees for the balance of 2016, and, by mutual agreement of the parties, for subsequent years. Seller will provide the necessary administrative support during this period. Buyer will sign all documents and take all actions as necessary to implement this arrangement.

2. As provided in California Health and Safety Code Section 101853.1(b), the transfer of employees from Seller to Buyer pursuant to Section 7.3 of the Master Contract will not be treated as a termination of employment for purposes of vacation, sick leave, employee benefit plan and similar arrangements maintained by Seller.

3. Excluding charges for health benefits and any current or future provisions in the County of Kern Health Benefits Eligibility Policy to the contrary, Buyer will reimburse Seller for the cost of providing such services at the same time and rate as constituent entities or divisions within Seller, using the methodology that Seller uses for allocating central office administration costs among such entities or divisions.

4. Seller will work with and cooperate with Buyer in connection with Buyer’s making a Social Security Act Section 218 coverage election for its employees who are KCERA participants.

5. Buyer agrees to pay any penalties assessed to Seller for violations of Internal Revenue Code Sections Section 4980H(a) or 4980H(b) for Transferred Employees, relating to requirements of the Patient Protection and Affordable Care Act caused by improper acts or omissions of Buyer.

6. Buyer agrees to indemnify, defend and hold harmless Seller and Seller’s agents, board members, elected and appointed officials and officers, employees, volunteers and authorized representatives from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs, and expenses, including penalties and fines related to participation of Transferred Employees in Seller’s Internal Revenue Code Section 125 plan that are caused by improper acts or omissions of Buyer.

7. This Agreement may be amended by written agreement of the parties.

8. This Agreement shall remain in effect until all obligations under it have been satisfied.

IN WITNESS WHEREOF, this Agreement is entered into between Buyer and Seller as of the \_\_\_\_ day of \_\_\_\_\_, 2016.

**SELLER**

**BUYER**

**COUNTY OF KERN**

**KERN COUNTY HOSPITAL  
AUTHORITY**

By \_\_\_\_\_  
Chairman, Board of Supervisors

By \_\_\_\_\_  
Chairman, Board of Governors

APPROVED AS TO CONTENT:  
County Administrative Office

APPROVED AS TO CONTENT:  
Kern County Hospital Authority

By \_\_\_\_\_  
Assistant County Administrative Officer

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

APPROVED AS TO FORM:  
Office of County Counsel

APPROVED AS TO FORM:  
Office of County Counsel

By \_\_\_\_\_  
Theresa A. Goldner  
Kern County Counsel  
Counsel for County of Kern

By \_\_\_\_\_  
Karen S. Barnes  
Chief Deputy County Counsel  
Counsel for Kern County Hospital  
Authority

## **Exhibit 1**

### **Master Services Agreement - Kern Legacy Health Plan**

#### Kern Legacy Health Plan

In joint effort with Buyer, Seller will continue to operate Kern Legacy Health Plan as a self-funded, low-cost employee health plan option with Hospital Authority as a participating employer. Seller shall remain Plan Sponsor, Plan Administrator, and sole fiduciary for Kern Legacy Health Plan. Seller, as Plan Sponsor, reserves the sole right and authority to terminate, suspend, withdraw, amend or modify Kern Legacy Health Plan at any time.

#### 1. Seller Responsibilities

- a. Seller will operate Kern Legacy Health Plan in coordination with Buyer for the dual purpose of 1) providing a low-cost employee health plan option to participating employers and 2) providing a regular revenue source to Kern Medical Center and associated Buyer providers by utilizing Kern Medical Center and associated providers in the Plan.
- b. Seller will offer Kern Legacy Health Plan as a preferred and incentivized health plan option for Seller employees for as long as Seller continues to offer Kern Legacy Health Plan to Seller employees, and the Plan primarily utilizes Kern Medical Center and associated Buyer providers.

#### 2. Buyer Responsibilities

- a. Buyer will offer Kern Legacy Health Plan as a preferred and incentivized health plan option for Buyer employees for as long as Seller continues to offer Kern Legacy Health Plan to Seller employees or until the Plan no longer primarily utilizes Kern Medical Center and associated Buyer providers.
- b. Buyer will provide strategic guidance and oversight regarding the role and function of Kern Medical Center and associated Buyer providers for Kern Legacy Health Plan.
- c. Buyer will provide Kern Legacy Health Plan with preferred rates of reimbursement under the Participating Hospital Agreement with the County of Kern Health Care Network Trust for all health care services at Kern Medical Center and associated Buyer providers.
- d. Buyer will provide representation at regularly scheduled Kern Legacy Health Plan administrative meetings, select request for proposal evaluations and vendor contract negotiations, and during collective bargaining with employee groups regarding issues specific to Kern Legacy Health Plan, as determined by the County Administrative Officer or designee.
- e. Buyer will make available senior Buyer management or appropriately trained and knowledgeable staff with sufficient authority to coordinate with Seller to effectively resolve Kern Legacy Health Plan operational issues relating to Kern Medical Center and associated Buyer providers, to effectively resolve Kern Legacy Health Plan member and provider complaints, and to work toward systemic improvements in identified service areas at Kern Medical Center and associated Buyer providers.



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

April 20, 2016

**SUBJECT: Presentation by Kern Medical's Chief Medical Officer.**

**Recommended Action: Hear Presentation; Receive and File.**

**Summary:**

The role of Chief Medical Officer (CMO) includes the responsibility to oversee and coordinate all Clinical Services provided in the Hospital. In addition, the CMO serves as a liaison between the Clinical Medical Staff and Executive Administration.

The role of Designated Institutional Official (DIO) is recognized by the Accreditation Council for Graduate Medical Education (ACGME) as the individual responsible for assuring compliance with all requirements affecting our Resident and Fellowship Programs. The DIO serves as a liaison between the Academic Medical Staff and Executive Administration.



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

April 20, 2016

**SUBJECT: Proposal to adopt Policies for the Kern County Hospital Authority from the following Departments, Locations, or Initiatives as presented by the Chief Medical Officer/Designated Institutional Official**

**Recommended Action: Approve Policies**

**Summary:**

Inherent to our Clinical and Academic operations are policies and guidelines that assure a high quality, and safe clinical environment for patient care as well as a robust academic environment for our Resident and Fellow trainees.

Submitted for your approval are the procedures and policies in each of the clinical and academic areas as noted:

- Case Management (9 Policies)
- Compliance (89 Policies)
- Graduate Medical Education (1 Policy)
- Infection Control (41 Policies)
- Medical Staff (5 Policies)
- Pharmacy (127 Policies)
- Miscellaneous Clinical (2 Policies)



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

April 20, 2016

**SUBJECT: Introduction of Proposed Elected Officers**

**Recommended Action: Receive and File**

Effective July 1, 2016 Kern Medical will have transitioned to the Hospital Authority. Simultaneously, our newly elected Officers of the Medical Staff will take on the duties and responsibilities of their positions as outlined in our Medical Staff Bylaws. The following is a brief Biograph of each elected officer:

**Medical Staff President: Mohammed Molla, MD**

Dr. Molla is a Board Certified Psychiatrist and Child/Adolescent Psychiatrist. He completed his Internship and Residency in Adult Psychiatry at Drexel University College of Medicine and went on to complete his Fellowship in Child and Adolescent Psychiatry at USC. He has been a member of the Medical Staff since 2005. He holds an academic appointment as an Associate Clinical Professor of Medicine, Psychiatry, and Biobehavioral Sciences at UCLA. He has been recognized as a Faculty Member of the Year every year since 2008, and has received numerous awards, nominations, and recognitions throughout his academic and professional career. Dr. Molla presently serves as the Dual Chair of Psychiatry for Kern Medical and Kern County Mental Health.

**Medical Staff President Elect: Gian Yakoub, DO**

Dr. Yakoub is a Board Certified Pathologist and Osteopath. He received his Doctorate at Western University in Pomona, CA and went on to complete his residency in Pathology at LA County USC. Dr. Yakoub quickly rose to the position of Department Chair in 2011 even though he only started at Kern Medical Center 5 years earlier. Dr. Yakoub has garnered the respect and admiration of his colleagues resulting in his election toward becoming our next President Elect of the Medical Staff effective July, 2016.

**Medical Staff Immediate Past President: Arash Heidari, MD**

Dr. Heidari is a Board Certified Internal Medicine and Infectious Disease specialist. He completed his Internship and Residency at Kern Medical Center and went on to become an Attending Faculty member from 2003 to 2005, and again from 2007 to the present. He holds an academic appointment as an Associate Clinical Professor of Medicine at UCLA and is serving as the current Medical Staff President from 2014 through June 2016. He has made significant contributions to Kern Medical Center over the years through his committee and Community volunteer service. He is our current Director of Subspecialty Internal Medicine Clinics, the HIV

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A Designated Public Hospital

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Clinic, the Viral Hepatitis Clinic, and is a member of the Board of Directors of Kern Faculty Medical group. He is the Associate Program Director of our Internal Medicine Residency Program and regularly contributes to our Didactic Lecture series, Case Conferences, Journal Clubs, and Grand Rounds. He is actively involved in Clinical Research and has several publications on Coccidioidomycosis and Immunologic Disease.



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

April 20, 2016

**SUBJECT: Medical Staff Transitional Credentialing Process**

**Recommended Action: Approve; Adopt Resolution**

Ultimate responsibility and authority for appointment, reappointment, and the granting of clinical privileges to members of the Medical Staff reside with your Board. In exercising this authority, your Board shall delegate to the Medical Staff the primary responsibility to evaluate applications for appointment or reappointment for Medical Staff membership and clinical privileges, otherwise known as the credentialing process.

To help facilitate an orderly transition of patient care in association with the transfer of ownership and operations of Kern Medical from the county to the Hospital Authority, we recommend your Board adopt an abbreviated credentialing process to grant medical staff membership and clinical privileges to members of the Medical Staff of Kern Medical Center who are currently in good standing. Such members would become members of the Medical Staff of Kern Medical Center, as owned and operated by the Hospital Authority, effective with the date of transfer of ownership of the hospital.

Set forth in the attached resolution is the type of abbreviated credentialing process we recommend be implemented, which should address regulatory concerns, provide a degree of oversight of the credentialing of Medical Staff members on transfer of the operations of Kern Medical to the Hospital Authority, as well as minimize any unnecessary burdens on any of the involved parties. It is important to note that in those circumstances where an abbreviated or transitional credentialing process is employed to facilitate continuity of care in the case of a transfer or sale of a hospital, the term of the appointment to the Medical Staff can only last until such time as the term would have been effective but for transition of operations in order to remain in compliance with state and federal law and standards of The Joint Commission.

The resolution also provides that, until such time as there can be an election or ratification of the prior election of officers of the Medical Staff, the Hospital Authority will recognize the current officers of the Medical Staff of Kern Medical Center as may be necessary for the orderly transition of the patient care, hospital operations, and the workings of the Medical Staff of Kern Medical Center.

Therefore, it is recommended that your Board approve the medical staff transitional credentialing process and adopt the attached resolution. The current Medical Staff concurs with the recommendation.

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

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In the matter of:

Resolution No. \_\_\_\_\_

**MEDICAL STAFF TRANSITIONAL  
CREDENTIALING PROCESS**

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I, RAQUEL D. FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 20th day of April, 2016, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

**RAQUEL D. FORE**  
Authority Board Coordinator  
Kern County Hospital Authority

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Raquel D. Fore

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**RESOLUTION**

Section 1. WHEREAS:

(a) Kern Medical Center is currently owned and operated by the County of Kern (the "County"); and

(b) It is anticipated that effective July 1, 2016, Kern Medical Center will begin operations under the ownership of the Kern County Hospital Authority (the "Hospital Authority"); and

(c) Both the County and the Hospital Authority have an interest in facilitating the continuity of patient care at Kern Medical Center upon operation of the hospital by the Hospital Authority; and

(d) There are approximately 300 current members of the Medical Staff of Kern Medical Center; and

(e) Both the County and the Hospital Authority believe that continuity of care at Kern Medical Center can be facilitated by having all members of the Medical Staff who are currently in good standing and have clinical privileges at Kern Medical Center be appointed to the Medical Staff of Kern Medical Center upon the transfer of ownership and operations to the Hospital Authority on July 1, 2016, and granted the same clinical privileges as they currently enjoy at Kern Medical Center; and

(f) The Hospital Authority has determined that the transition of the Medical Staff of Kern Medical Center can be most appropriately accomplished by adoption of an abbreviated credentialing process (the “Transitional Credentialing Process”), which would provide an opportunity for current members of the Medical Staff of Kern Medical Center to remain as members of the Medical Staff of Kern Medical Center and to continue to be able to exercise their current clinical privileges at Kern Medical Center after the transfer date of July 1, 2016; and

(g) Medical staff membership and clinical privileges granted pursuant to the Transitional Credentialing Process shall be only for a period of time equal to the remainder of the medical staff member’s current term of appointment to the Medical Staff of Kern Medical Center; and

(h) All applicants for membership on the Medical Staff of Kern Medical Center as owned and operated by the Hospital Authority who are not members of the Medical Staff of Kern Medical Center at the time of application shall be required to submit an application for medical staff membership and clinical privileges in accordance with the Medical Staff bylaws, rules, regulations, and policies, all as may have been adopted by the Hospital Authority; and

(i) Any current member of the Medical Staff of Kern Medical Center who wishes to be able to have his/her application reviewed pursuant to the Transitional Credentialing Process must submit an application for medical staff membership and clinical privileges no later than June 1, 2016 (the “Submission Date”), with exceptions to the Submission Date available only in those circumstances where the Hospital Authority Chief Executive Officer (in consultation with the President of Staff of Kern Medical Center) has determined that a current member of the Medical Staff of Kern Medical Center needs to be retained as a member of the Medical Staff after the transfer of ownership and operations of Kern Medical Center from the County to the Hospital Authority to allow Kern Medical Center to better address an important patient care need.

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

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

2. All members of the Medical Staff of Kern Medical Center currently in good standing are eligible to apply for medical staff membership and to retain existing clinical privileges at Kern Medical Center through the Transitional Credentialing Process when Kern Medical Center begins operations under the ownership of the Hospital Authority on July 1, 2016.

3. An application form based on the form currently in use at Kern Medical Center for members of the Medical Staff to apply for reappointment to the Medical Staff of Kern Medical Center shall be created and used in the Transitional Credentialing Process. The following sections of the reappointment form now in use at Kern Medical Center shall be incorporated into the application form and completed by practitioners, as appropriate, in association with the Transitional Credentialing Process: (a) Section I – Instructions; (b) Section II – Identifying Information; (c) Section VII – Medical Licensure/Registrations; (d) the first portion of Section IX (Professional Liability) dealing with current insurance coverage; (e) Section XIII – Attestation Questions; and (f) the last page entitled “Information Release/Acknowledgements.”

4. The application for appointment to the Medical Staff at Kern Medical Center as operated under the ownership of the Hospital Authority and for clinical privileges shall include an agreement by the applicant to abide by the Medical Staff bylaws, rules, regulations, and policies that are in place at the time of application and as thereafter may be adopted or amended, as well as all Kern Medical Center bylaws, policies, and procedures that are in place at the time of application and as thereafter may be adopted or amended.

5. The application for appointment to the Medical Staff at Kern Medical Center as operated under the auspices of the Hospital Authority and for clinical privileges shall also include (a) a release and consent for disclosure of information pertaining to the applicant’s credentials and medical practice (in the same manner as the current “reappointment form” currently in use at Kern Medical Center), and (b) an express agreement that all credentials files and related information currently maintained by the Kern Medical Center pertaining to the applicant can be made available by the County and provided to the Hospital Authority in association with the Hospital Authority’s review of the applicant’s application before the formal transition of operations of the Kern Medical Center to the Hospital Authority.

6. The following information shall be obtained and reviewed by the Hospital Authority in association with applications for medical staff membership pursuant to the Transitional Credentialing Process through primary source verification, as appropriate: (a) medical licensure; (b) Medical Board/Osteopathic Medical Board of California 805 report;

(c) National Practitioner Data Bank report; (d) OIG exclusion status; (e) Medicaid enrollment status; (f) specialty board certification or eligibility; and (g) proof of any required professional liability insurance.

7. All applicants shall be required to acknowledge that the application submitted in association with the transfer of ownership of Kern Medical Center from the County to the Hospital Authority (i.e., pursuant to the Transitional Credentialing Process) will be for medical staff membership and clinical privileges only for that period of time reflecting the remainder of the practitioner's current term of appointment at Kern Medical Center and not for another additional full two-year period. All applicants granted medical staff membership and clinical privileges at Kern Medical Center through the Transitional Credentialing Process shall thereafter seek reappointment to the Medical Staff in accordance with the credentialing process as outlined in the Medical Staff bylaws, rules, regulations, and related policies and procedures, all as adopted by the Hospital Authority, prior to the time their then current term expires.

8. All individuals who apply for medical staff membership and clinical privileges after the effective date of the transfer of ownership of Kern Medical Center from the County to the Hospital Authority shall be subject to and required to abide by the application and credentialing process as outlined in the Medical Staff bylaws, rules, regulations, and related policies and procedures, all as adopted by the Hospital Authority.

9. All current members of the Medical Staff of Kern Medical Center who do not submit applications for consideration pursuant to the Transitional Credentialing Process by June 1, 2016, will be required to apply for medical staff membership and clinical privileges at Kern Medical Center as owned and operated by the Hospital Authority in the same manner as applicants who are not members of the Medical Staff of Kern Medical Center prior to the transfer of ownership from the County to the Hospital Authority, except for any member of the Medical Staff whose continued membership on the Medical Staff at Kern Medical Center is determined by the Hospital Authority Chief Executive Officer (in consultation with the President of Staff of Kern Medical Center) to be necessary to allow Kern Medical Center to better address a specific important patient care need (a "Clinical Need Practitioner"). A Clinical Need Practitioner who fails to apply for medical staff membership and clinical privileges through the Transitional Credentialing Process by June 1, 2016, may nonetheless apply for medical staff membership and clinical privileges through the Transitional Credentialing Process up to and through June 30, 2016, but only with the express prior written consent of the Hospital Authority Chief Executive Officer.

10. In those cases where medical staff membership or clinical privileges are denied through the Transitional Credentialing Process, the applicant shall be entitled to the same review, fair hearing and appeal rights that would be afforded to the applicant if the credentialing processes and procedures outlined in the Medical Staff bylaws, rules, regulations, and related policies and procedures, as adopted by the Hospital Authority, had been utilized.

11. The application for Medical Staff membership and clinical privileges at Kern Medical Center as owned and operated by the Hospital Authority shall require the applicant to complete the same type of other ancillary forms and documentation as would otherwise currently be required at the time of appointment to the Medical Staff of Kern Medical Center, including, but not necessarily limited to, the following: (a) the Medical Staff Bylaws Acknowledgment; (b) the Medicare Program Physician Acknowledgment; (c) the Behavior or Behaviors that Undermine a Culture of Safety/Medical Staff Member or Practitioner Policy Acknowledgment; (d) the Guidelines for Addressing Impaired Medical Staff Members; and (e) the form regarding OSHA/TB testing.

12. Until such time as there can be an election or ratification of the prior election of officers of the Medical Staff, the Hospital Authority shall recognize the current officers of the Medical Staff of Kern Medical Center as may be necessary for the orderly transition of the patient care, hospital operations, and the workings of the Medical Staff of Kern Medical Center.

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

Kern Medical Center  
Medical Staff of Kern Medical Center  
Office of County Counsel



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

April 20, 2016

**SUBJECT: Proposed Approval of Medical Staff Bylaws**

**Recommended Action: Approve Bylaws**

The Medicare Conditions of Participation and title 22 of the California Code of Regulations provide for the creation of clinical oversight of general acute care hospitals, such as Kern Medical, through an organized Medical Staff. The organized Medical Staff is governed by bylaws that are approved by the Medical Staff and the governing body of the hospital. Further, hospitals seeking initial or continued accreditation by The Joint Commission must provide guiding bylaws on the following:

- Medical Staff structure
- Approval and amendment of Medical Staff bylaws and policies
- Oversight for the quality of care
- Process for granting membership and clinical privileges to the Medical Staff
- Determination of the mechanism for self-governance by the Medical Staff as required by state law
- Process for corrective action, fair hearing and appeal

Therefore, it is recommended that your Board approve the Medical Staff bylaws. These bylaws, which have been in place at Kern Medical for a number of years, have been revised and updated for use by the hospital authority Medical Staff and will become effective on the date of transfer of Kern Medical to the authority.

**KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS  
HAVE BEEN PROVIDED AN ELECTRONIC COPY OF  
“BYLAWS OF THE MEDICAL STAFF”**

**A COPY OF THE “BYLAWS OF THE MEDICAL STAFF”  
IS AVAILABLE FOR PUBLIC INSPECTION WITH THE  
AUTHORITY BOARD COORDINATOR**



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

April 20, 2016

**SUBJECT: Allied Health Professionals**

**Recommended Action: Approve; Adopt Resolution**

Allied health professionals (AHP) are not eligible for Medical Staff membership. They may be granted practice privileges in the hospital if they hold a license, certificate or other credential in a category of AHP that your Board has identified as eligible to apply for practice privileges, and only if the AHP are professionally competent and continuously meet the qualifications, standards and requirements set forth or otherwise referenced in the Medical Staff Bylaws, rules, regulations, and/or the Interdisciplinary Practice Manual. **An applicant must belong to an allied health professional category approved for practice in the hospital by your Board.** The credentialing criteria/basic requirements, privileges, clinical department assignment, prerogatives, and responsibilities related to AHP are set forth in the Medical Staff Bylaws. Procedural and fair hearing rights of AHP are set forth in the Interdisciplinary Practice Manual.

Attached is a resolution that sets forth the following categories of AHP recognized by your Board: Physician Assistant; Nurse Practitioner; Certified Registered Nurse Anesthetist (CRNA); Certified Nurse Midwife; and Clinical Pharmacist. The resolution also authorizes and directs the Medical Staff to establish certain practice standards and procedures designed to ensure the provision of quality patient care.

Therefore, it is recommended that your Board recognize the referenced categories of AHP and adopt the attached resolution.

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

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In the matter of:

Resolution No. \_\_\_\_\_

**ALLIED HEALTH PROFESSIONALS**

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I, RAQUEL FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 20th day of April, 2016, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

**RAQUEL D. FORE**  
Authority Board Coordinator  
Kern County Hospital Authority

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Raquel D. Fore

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**RESOLUTION**

Section 1. WHEREAS:

(a) The Board of Governors wishes to ensure Kern Medical Center provides a broad range of health services to the patients whom it serves; and

(b) The Board of Governors recognizes that there may be practitioners who are in a position to provide patient care services at Kern Medical Center but who are not eligible for Medical Staff membership; and

(c) The Board of Governors believes that the goal of providing a broad range of health services can be advanced by affording certain practitioners or categories of practitioners an opportunity to practice at Kern Medical Center, even though they are not eligible for Medical Staff membership.

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

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

2. This Board hereby creates a separate allied health professional status at Kern Medical Center for practitioners who are not eligible for Medical Staff membership, but who nonetheless will be permitted to provide patient care services on the hospital's premises.

3. The Board hereby recognizes the following categories of allied health professionals: Physician Assistant; Nurse Practitioner; Certified Registered Nurse Anesthetist (CRNA); Certified Nurse Midwife; and Clinical Pharmacist.

4. This Board hereby authorizes and directs the Medical Staff of Kern Medical Center to create appropriate standards of practice for allied health professional categories admitted by the Board to practice at the hospital.

5. This Board hereby authorizes and directs the Medical Staff of Kern Medical Center to establish procedures for the credentialing and review of allied health professionals from categories admitted by the Board to practice at the hospital.

6. This Board hereby authorizes the Chief Executive Officer, or his designee(s), with the consent of the Medical Staff, to assume responsibility for individual allied health professionals who perform services at the hospital under close supervision, where oversight by the Medical Staff would not be efficient or practicable.

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

Kern Medical Center  
Medical Staff of Kern Medical Center  
Office of County Counsel



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

April 20, 2016

**SUBJECT: Agreement for Sharing of Practitioner Information**

**Recommended Action: Approve; Authorize Chairman to Sign**

Kern Medical requests your Board approve the attached data sharing agreement for purposes of facilitating an exchange of peer review and credentials information between the County of Kern (in its current role of owner and operator of Kern Medical Center) and the Hospital Authority prior to July 1, 2016, which is the date of transfer of ownership of the hospital from the County to the Hospital Authority.

The Hospital Authority will be requesting information from the County concerning the credentials and qualifications of practitioners and allied health professionals identified on the attached Exhibit "A" who are currently (1) members of the Medical Staff of Kern Medical Center or (2) allied health professionals with practice privileges at Kern Medical. Pursuant to California Business and Professions Code Section 809.08, the County will agree to share peer review information with the Hospital Authority to assist the Hospital Authority in its credentialing, evaluation and peer review functions and to help facilitate the continuity of patient care at Kern Medical and an orderly transition of clinical operations from the County to the Hospital Authority. The agreement is also helpful in providing protection for the disclosure of protected health information or PHI that may be found in some of the credentials files.

## **AGREEMENT FOR SHARING OF PRACTITIONER INFORMATION**

This Agreement for Sharing of Practitioner Information (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the Kern County Hospital Authority, a county hospital authority (the “Hospital Authority”), and the County of Kern, a political subdivision of the state of California (the “County”), which owns and operates Kern Medical Center (“KMC”).

### **I. RECITALS**

- A. KMC is currently owned and operated by the County; and
- B. It is anticipated that beginning July 1, 2016, KMC will be owned and operated by the Hospital Authority; and
- C. Except as otherwise apparent from the context, all references to the rights and obligations of KMC in this Agreement shall be deemed references to the rights and obligations of KMC during the time KMC is owned and operated by the County and prior to the transfer of ownership of KMC to the Hospital Authority.
- D. The County and the Hospital Authority both have an interest in ensuring continuity of the care of KMC patients and an orderly transition upon the transfer of the ownership of KMC from the County to the Hospital Authority.
- E. The County and the Hospital Authority believe that continuity of care and an orderly transition of operations can be facilitated by having (1) the current members of the Medical Staff of Kern Medical Center appointed to the Medical Staff of Kern Medical Center once it begins operations under the ownership of the Hospital Authority and having those Medical Staff members retain the same clinical privileges that they currently possess, and (2) the allied health professionals who currently have practice privileges at KMC granted those same practice privileges at KMC once it begins operations under the ownership of the Hospital Authority.
- F. The County and the Hospital Authority need and/or will need to credential and evaluate physicians and allied health professionals who (1) apply for contracts and employment with, appointment and/or reappointment to, or clinical or practice privileges at their respective organization or medical staff, and/or (2) seek other similar affiliations.
- G. The County and the Hospital Authority also conduct and/or will need to conduct ongoing peer review of (1) physicians on or affiliated with the Medical Staff at their organization and (2) allied health professionals with practice privileges at their organization.
- H. The County and the Hospital Authority also engage and/or will need to engage in quality improvement functions through their committees and appropriate processes.

I. The Hospital Authority has requested information from the County concerning the credentials and qualifications of practitioners and allied health professionals identified on the attached Exhibit "A" who are currently (1) members of the Medical Staff of Kern Medical Center or (2) allied health professionals with practice privileges at KMC. Pursuant to California Business and Professions Code Section 809.08, the County desires to share peer review information with the Hospital Authority to assist the Hospital Authority in its credentialing, evaluation and peer review functions and to help facilitate the continuity of patient care at KMC and an orderly transition of operations from the County to the Hospital Authority.

## II. AGREEMENT

1. Term. This Agreement shall be effective as of the date of the last signature below, and shall continue in full force and effect until it is terminated.

2. Information Exchange. Upon the signing of this Agreement by the County and the Hospital Authority, the County through KMC agrees to provide to the Hospital Authority pertinent credentials, peer review and/or quality assurance information in its credentials files to assist the Hospital Authority in assessing the competence, conduct and performance of those practitioners and allied health professionals who are identified on Exhibit "A." The request shall be complied with in an efficient manner. Information will be provided by the provision of documents in the possession of KMC.

3. Independent Actions. It is understood that the Hospital Authority is required to and shall reach its own conclusions regarding, as applicable, the qualifications and appropriate medical staff status of, and the clinical or practice privileges to be granted to, those practitioners and allied health professionals identified on the attached Exhibit "A." The exchange of information authorized under this Agreement is intended to facilitate, and not to substitute for, the Hospital Authority making its own assessment of the qualifications of those practitioners and allied health professionals identified on Exhibit "A."

4. Confidentiality and Indemnification.

A. The County and the Hospital Authority recognize that the information exchanged under this Agreement is confidential. To the extent such information is protected by Section 1157 of the California Evidence Code, it is intended to remain protected after transmission under this Agreement. The Hospital Authority commits to maintain the confidentiality of information received under this Agreement and to use the information received only for its own credentialing, peer review, evaluation and quality improvement purposes and not to further disclose such information without the written consent of the County. To the extent that the information exchanged pursuant to this Agreement includes Protected Health Information (or "PHI") as that term is defined in 45 C.F.R. Section 160.103, the obligations and duties of the County and the Hospital Authority pertaining to the use and disclosure of the PHI shall be governed by the Business Associate Agreement entered into by the parties.

B. Notwithstanding anything herein to the contrary or any limitations on damages or indemnification in any Business Associate Agreement or other agreement between

the parties, the Hospital Authority shall indemnify and hold harmless the County for any and all claims, demands, liabilities, losses, damages, costs, and expenses, including reasonable attorneys' fees, resulting in any manner, directly or indirectly, from the Hospital Authority's improper release, use or disclosure of information shared by the County pursuant to this Agreement. This indemnity obligation shall survive the expiration or termination of this Agreement with respect to information provided to the Hospital Authority by the County.

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

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

7. Authority and Execution. By the signatures below, the County and the Hospital Authority represent that they have the authority to agree to participate in this Agreement and do hereby bind the party on whose behalf their execution is made.

[Signatures follow on next page]

COUNTY OF KERN

KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman, Board of Supervisors

By \_\_\_\_\_  
Vice Chairman, Board of Governors

APPROVED AS TO CONTENT:  
COUNTY ADMINISTRATIVE OFFICE

APPROVED AS TO CONTENT:  
KERN MEDICAL CENTER

By \_\_\_\_\_  
John Nilon  
County Administrative Officer

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

MEDICAL STAFF  
KERN MEDICAL CENTER

MEDICAL STAFF  
KERN MEDICAL CENTER

By \_\_\_\_\_  
Arash Heidari, M.D.  
President of Staff

By \_\_\_\_\_  
Glenn E. Goldis, M.D.  
Chief Medical Officer

APPROVED AS TO FORM:  
OFFICE OF COUNTY COUNSEL

APPROVED AS TO FORM:  
OFFICE OF COUNTY COUNSEL

By \_\_\_\_\_  
Theresa A. Goldner, County Counsel  
Counsel for County of Kern

By \_\_\_\_\_  
Karen S. Barnes, Chief Deputy  
Counsel for Kern County Hospital Authority

**EXHIBIT “A”**

[See attached]

**Kern Medical**  
**Providers by Specialty and Department**

<b>Provider Name</b>	<b>Department</b>	<b>Specialty</b>	<b>Staff Category</b>
Glenn E Goldis, MD	Administration	Administrative	Administrative
Luis A Ayala, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Sunita Bendale, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Diego R Cavenaghi, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
	Anesthesiology	Anesthesiology	Allied Health Professional
Soheil Etesham, MD	Anesthesiology	Anesthesiology	Associate-No Clinical Privileges
Darlene Karin Falco, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Robert Farrar, MD	Anesthesiology	Anesthesiology	Associate-No Clinical Privileges
Robert C Goldstein, MD	Anesthesiology	Anesthesiology	Associate-No Clinical Privileges
Michael Hall, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Mark J Hunter, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Maricel Agustin Isidro-Reighard, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Raghunath R Kuchakulla, MD	Anesthesiology	Anesthesiology	Associate-No Clinical Privileges
Christopher E Lawrence, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Sabri E Malek, MD	Anesthesiology	Anesthesiology	Locum Tenens
Pariborz Namdari, MD	Anesthesiology	Anesthesiology	Associate-No Clinical Privileges
Jane P O'Brien, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Ramir Bajamundi Reamico, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Samantha M Robertson, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Ruby M Rodriguez, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Thomas Schares, MD	Anesthesiology	Anesthesiology	Locum Tenens
Inder P Singh, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Senen T Uyan, MD	Anesthesiology	Anesthesiology	Active
Vesselin Vassilev, MD	Anesthesiology	Anesthesiology	Active
Nicole M Yi, MD	Anesthesiology	Anesthesiology	Locum Tenens
Maria Acabal, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Joseph C Cole, MD	Anesthesiology	Anesthesiology	Locum Tenens
Amy M Denton, CRNA	Anesthesiology	Anesthesiology	Allied Health Professional
Richard L Doan, MD	Anesthesiology	Anesthesiology	Associate-No Clinical Privileges
Kenneth L Gowdy, MD	Anesthesiology	Anesthesiology	Locum Tenens
Jason Lee, MD	Anesthesiology	Anesthesiology	Leave of Absence
Bipin Patel, MD	Anesthesiology	Anesthesiology	Locum Tenens
David K Wahba, MD	Anesthesiology	Anesthesiology	Locum Tenens
Chou Yang, MD	Anesthesiology	Anesthesiology	Active
Manish Navin Amin, DO	Emergency Medicine	Emergency Medicine	Active

Faried Banimahd, MD	Emergency Medicine	Emergency Medicine	Associate-No Clinical Privileges
Jagdipak Singh Heer, MD	Emergency Medicine	Emergency Medicine	Active
Rick Alan McPheeters, DO	Emergency Medicine	Emergency Medicine	Active
Rachel M Mendez, MD	Emergency Medicine	Emergency Medicine	Active
Paul G Mroz, MD	Emergency Medicine	Emergency Medicine	Active
Janice Nichols-Ray, NP-C	Emergency Medicine	Emergency Medicine	Allied Health Professional
Neil Patel, MD	Emergency Medicine	Emergency Medicine	Courtesy
Dale A Robbins, PA-C	Emergency Medicine	Emergency Medicine	Allied Health Professional
James Miller Sverchek, MD	Emergency Medicine	Emergency Medicine	Active
Kieron K Barkataki, DO	Emergency Medicine	Emergency Medicine	Provisional
Mary K Jackson, NP-C	Emergency Medicine	Emergency Medicine	Allied Health Professional
Daniel O Quesada, MD	Emergency Medicine	Emergency Medicine	Provisional
James W Rosbrugh, MD	Emergency Medicine	Emergency Medicine	Active
Timothy F Vignolo, PA-C	Emergency Medicine	Emergency Medicine	Locum Tenens
Adria O Winter, MD	Emergency Medicine	Emergency Medicine	Active
Mansukh R Ghadiya, MD	Family Practice	Family Practice	Active
Kathe D Lundgren, NP-C	Family Practice	Family Practice	Allied Health Professional
Rosa Guerra Martinez, PA-C	Family Practice	Family Practice	Allied Health Professional
David Micheal Moore, MD	Family Practice	Family Practice	Active
Svetozar Stukovsky, MD	Family Practice	Family Practice	Associate-No Clinical Privileges
John Thomas Young, MD	Family Practice	Family Practice	Associate-No Clinical Privileges
Navinchandra Manibhai Amin, MD	Family Practice	Family Practice	Active
Richard E Frelinger, DO	Family Practice	Family Practice	Associate-No Clinical Privileges
Gohar Gevorgyan, MD	Family Practice	Family Practice	Active
Nurun Nahar Khandaker, MD	Family Practice	Family Practice	Active
Adam R Klang, MD	Family Practice	Internal Medicine	Provisional
J. Paul Miller, MD	Family Practice	Family Practice	Active
Carol A Stewart-Hayostek, MD	Family Practice	Family Practice	Provisional
Jennifer J Abraham, MD	Medicine	Internal Medicine	Associate-No Clinical Privileges
Atul Aggarwal, MD	Medicine	Cardiology	Associate-No Clinical Privileges
Raquel Aguirre, PHARMD	Medicine	Clinical Pharmacist	Allied Health Professional
Elizabeth Arvizu, NP	Medicine	Oncology/Hematology	Allied Health Professional
Matthew J Awerbuck, MD	Medicine	Internal Medicine	Provisional
Harold J Baer, MD	Medicine	Nephrology	Courtesy
Alaleh Bazmi, MD	Medicine	Internal Medicine	Active
Ali Bazmi, PHARMD	Medicine	Clinical Pharmacist	Allied Health Professional
Eric J Boren, MD	Medicine	Immunology	Courtesy
Harjeet S Brar, MD	Medicine	Nephrology	Courtesy
Scott F Cote, PHARMD	Medicine	Clinical Pharmacist	Allied Health Professional
Jeffrey James Crowley, MD	Medicine	Dermatology	Associate-No Clinical Privileges
Ajay Sumantrai Desai, MD	Medicine	Radiation Oncology	Courtesy
Sabitha Eppanapally, MD	Medicine	Nephrology	Courtesy

Victor G Ettinger, MD	Medicine	Endocrinology	Active
Guadalupe Galindo, NP-C	Medicine	Internal Medicine	Locum Tenens
William Edward Gilli, MD	Medicine	Internal Medicine	Active
Giridhar R Gorla, MD	Medicine	Radiation Oncology	Courtesy
Arash Heidari, MD	Medicine	Internal Medicine	Active
J. Michael Hewitt, MD	Medicine	Internal Medicine	Courtesy
Shawn B Hodge, MD	Medicine	Pain Management	Provisional
Royce H Johnson, MD	Medicine	Internal Medicine	Active
Jeffrey Jolliff, PHARM D	Medicine	Clinical Pharmacist	Allied Health Professional
Jeremiah Joson, PHARM D	Medicine	Clinical Pharmacist	Allied Health Professional
Ishaan S Kalha, MD	Medicine	Gastroenterology	Active
David E Kanamori, MD	Medicine	Oncology/Hematology	Courtesy
Hashim Raza Kazmi, MD	Medicine	Nephrology	Associate-No Clinical Privileges
Nasser Khan, MD	Medicine	Cardiology	Courtesy
Thomas R Larwood, MD	Medicine	Internal Medicine	Honorary
Tommy C Lee, MD	Medicine	Cardiology	Associate-No Clinical Privileges
Erin C Martinez, NP-C	Medicine	Internal Medicine	Locum Tenens
Parham Mokri, MD	Medicine	Nephrology	Courtesy
Khosrow Mostofi, MD	Medicine	Internal Medicine	Associate-No Clinical Privileges
Augustine D Munoz, MD	Medicine	Pulmonology	Active
Greti Petersen, MD	Medicine	Internal Medicine	Active
Alan Scott Ragland, DO	Medicine	Internal Medicine	Active
Paramvir Singh Rahal, MD	Medicine	Gastroenterology	Associate-No Clinical Privileges
Saman N Ratnayake, MD	Medicine	Internal Medicine	Active
Ruby Reyes, NP-C	Medicine	Internal Medicine	Allied Health Professional
James K Saiki, MD	Medicine	Nephrology	Courtesy
Shawn C Shambaugh, MD	Medicine	Oncology/Hematology	Courtesy
Sarabjit Singh, MD	Medicine	Cardiology	Associate-No Clinical Privileges
Tonny Tanus, MD	Medicine	Immunology	Courtesy
Nallathamby Thayapran, MD	Medicine	Cardiology	Courtesy
Jan H Trobisch, MD	Medicine	Internal Medicine	Active
Umamaheswara Rao Varanasi, MD	Medicine	Nephrology	Associate-No Clinical Privileges
Gary Walters, NP-C	Medicine	Critical Care Medicine	Allied Health Professional
Shereen N Ward, PHARM D	Medicine	Clinical Pharmacist	Provisional
Warren Wisnoff, DO	Medicine	Internal Medicine	Active
Ayham Aboeed, MD	Medicine	Pulmonology	Provisional
Bradford A Anderson, MD	Medicine	Physical Medicine and Rehabilitation	Active
Supratim Banerjee, MD	Medicine	Cardiology	Courtesy
Daniel James Burke, MFT	Medicine	Marriage and Family Therapist	Allied Health Professional
Alan Dickey Cartmell, MD	Medicine	Oncology/Hematology	Courtesy
Sangeeta Chandramahanti, MD	Medicine	Endocrinology	Provisional
Jayaraman Chandrasekhar, MD	Medicine	Critical Care Medicine	Active
Venkata S Dandamudi, MD	Medicine	Neurology	Provisional
Hector M De Jesus, MD	Medicine	Internal Medicine	Associate-No Clinical Privileges

Emmanuel V Dozier,	Medicine	Internal Medicine	Provisional
Jasleen K Duggal, MD	Medicine	Endocrinology	Associate-No Clinical Privileges
Ralph Garcia-Pacheco, MD	Medicine	Critical Care Medicine	Active
Aslan T Ghand Foroush, DO	Medicine	Cardiology	Provisional
Moksedul Habib, MD	Medicine	Cardiology	Courtesy
Fakhruddin Hasta, MD	Medicine	Internal Medicine	Active
Bao Quynh N Huynh, MD	Medicine	Rheumatology	Provisional
Vinod G Kumar, MD	Medicine	Cardiology	Provisional
Hari Prasad Kunhi Veedu, MD	Medicine	Neurology	Provisional
Kay K Kyaw, MD	Medicine	Nephrology	Provisional
Jong S Lee, MD	Medicine	Internal Medicine	Active
Viral Y Mehta, MD	Medicine	Cardiology	Courtesy
Kim T Ng, MD	Medicine	Oncology/Hematology	Courtesy
Ashok Manilal Parmar, MD	Medicine	Pain Management	Provisional
Ravindranath Patel, MD	Medicine	Oncology/Hematology	Courtesy
Salima Qamruddin, MD	Medicine	Cardiology	Locum Tenens
Nandakumar Boraiah Ravi, MD	Medicine	Gastroenterology	Courtesy
Pradip K Rustagi, MD	Medicine	Oncology/Hematology	Courtesy
Katayoun Sabetian, MD	Medicine	Neurology	Active
Samir Samarany, MD	Medicine	Cardiology	Provisional
Harshit R Shah, MD	Medicine	Endocrinology	Provisional
Kota Shekar, MD	Medicine	Oncology/Hematology	Provisional
Kiron Thomas, MD	Medicine	Neurology	Provisional
Kuan-Teh Wu, MD	Medicine	Cardiology	Provisional
Brian D Acacio, MD	Obstetrics/Gynecology	Reproductive Endocrinology and Infertility	Courtesy
Ramchandra R Ayyagari, MD	Obstetrics/Gynecology	Reproductive Endocrinology and Infertility	Associate-No Clinical Privileges
Janice A Brown, CNM	Obstetrics/Gynecology	Obstetrics	Allied Health Professional
Scott E Capobianco, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Isaias C Coelho, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Provisional
Wafika M Fahmy, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Courtesy
Kurt Roderick Finberg, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Courtesy
Antonio L Garcia, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Umaina Shabbir Jamaluddin, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Courtesy
Elva A Lopez, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Provisional
Philipp R Melendez, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Associate-No Clinical Privileges
Kathleen M Pollock, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Mark J Rispler, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Associate-No Clinical Privileges
Rebecca Rivera, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Courtesy
Rahul Sharma, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Vasanthi Srinivas, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Courtesy
Doreen Y Tadokoro, DO	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Chibuike E Anucha, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Andrew P Cassidenti, MD	Obstetrics/Gynecology	Urogynecology	Provisional
Randolph Y Fok, MD	Obstetrics/Gynecology	Maternal-Fetal Medicine	Active
Marsha F Granese, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Provisional
Barry Herman, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Locum Tenens
Lawrence J Lenz, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Locum Tenens
Juan M Lopez, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active

David S Lujan, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Jum K Min, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Associate-No Clinical Privileges
Petre P Motiu, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Provisional
Thomas W Moxley, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Thomas J Murphy, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Locum Tenens
Sally W Nalesnik, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Hansa M Patel, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
John Burr Schlaerth, MD	Obstetrics/Gynecology	Gynecologic Oncology	Active
Sita Singh, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Christopher Leroy Smale, MD	Obstetrics/Gynecology	Obstetrics/Gynecology	Courtesy
Jana A Thor, DO	Obstetrics/Gynecology	Obstetrics/Gynecology	Active
Adam G Lang, MD	Pathology	Anatomic/Clinical Pathology	Courtesy
Fangluo Liu, MD	Pathology	Anatomic/Clinical Pathology	Courtesy
William Stull, MD	Pathology	Anatomic/Clinical Pathology	Active
Ricardo E Jimenez, MD	Pathology	Anatomic/Clinical Pathology	Locum Tenens
Jiafan Liu, MD	Pathology	Anatomic/Clinical Pathology	Locum Tenens
Gian A Yakoub, DO	Pathology	Anatomic/Clinical Pathology	Active
Marvin E Ament, MD	Pediatrics	Gastroenterology	Consulting
Margaret J Aten, PA	Pediatrics	Pediatrics	Allied Health Professional
Kelly E Ballard, NP-C	Pediatrics	Neonatology	Allied Health Professional
Sarah J Bender, NP-C	Pediatrics	Neonatology	Allied Health Professional
Alan F Dakak, MD	Pediatrics	Pediatrics	Courtesy
Jess Diamond, MD	Pediatrics	Pediatrics	Honorary
John L Digges, MD	Pediatrics	Pediatrics	Courtesy
Dilbagh S Gehlawat, MD	Pediatrics	Pediatrics	Associate-No Clinical Privileges
Kenneth Hutchins, PA-C	Pediatrics	Pediatrics	Allied Health Professional
Elizabeth A Jackson, NP	Pediatrics	Pediatrics	Allied Health Professional
Gurvir S Khurana, MD	Pediatrics	Neonatology	Active
Krystal N Naus, NP-C	Pediatrics	Neonatology	Allied Health Professional
Diane Nicholls, NP	Pediatrics	Neonatology	Allied Health Professional
Wedad Menrit Rizkalla, MD	Pediatrics	Pediatrics	Active
Hitesh Z Shah, MD	Pediatrics	Pediatrics	Associate-No Clinical Privileges
Abu Talib Taher, MD	Pediatrics	Pediatrics	Active
Thao Vo, MD	Pediatrics	Pediatrics	Active
Ora Yadin, MD	Pediatrics	Nephrology	Consulting
Parameswaran S Aiyilam, MD	Pediatrics	Pediatrics	Active
Kimberly D Dixon, MD	Pediatrics	Pediatrics	Courtesy
Mia M Lagunda, MD	Pediatrics	Pediatrics	Courtesy
G. Alexander Merrill, MD	Pediatrics	Pediatrics	Associate-No Clinical Privileges
Sudhir Bhikhubhai Patel, MD	Pediatrics	Neonatology	Active
Rossano L Bangasan, MD	Psychiatry	Psychiatry	Active
Daniel A Grabski, MD	Psychiatry	Psychiatry	Honorary
Michael E Kase, MD	Psychiatry	Child Psychiatry	Active
Eugene E Kercher, MD	Psychiatry	Psychiatry	Active
Mohammed AS Molla, MD	Psychiatry	Psychiatry	Active

Ranjit Padhy, MD	Psychiatry	Psychiatry	Active
Abdolreza Saadabadi, MD	Psychiatry	Psychiatry	Active
David Daniel Weinstein, MD	Psychiatry	Psychiatry	Active
Tai Pyung Yoo, MD	Psychiatry	Psychiatry	Active
Doreen L Fukushima, MD	Psychiatry	Psychiatry	Locum Tenens
Garth J Olango, MD	Psychiatry	Child Psychiatry	Active
Robert Craig Sincoff, MD	Psychiatry	Psychiatry	Provisional
David W Board, MD	Radiology	Teleradiology	Teleradiology
Betsy J Bronson, MD	Radiology	Teleradiology	Teleradiology
Sudha Challa, MD	Radiology	Radiology	Courtesy
Judith L Corey, MD	Radiology	Teleradiology	Teleradiology
Rajesh S Dhillon, MD	Radiology	Radiology	Active
Susan A Enlow, MD	Radiology	Teleradiology	Teleradiology
Martin L Goldman, MD	Radiology	Radiology	Active
Asha Goud, MD	Radiology	Radiology	Active
Carrie L Harvey, MD	Radiology	Teleradiology	Teleradiology
James J Hill, MD	Radiology	Radiology	Locum Tenens
Ronald J Homer, MD	Radiology	Teleradiology	Teleradiology
Suzanne Y Homer, MD	Radiology	Teleradiology	Teleradiology
Shawn D Isaeff, MD	Radiology	Radiology	Courtesy
Richard T Kaplan, MD	Radiology	Teleradiology	Teleradiology
Archana C Lucchesi, MD	Radiology	Teleradiology	Teleradiology
Marshall P Mallory, MD	Radiology	Teleradiology	Teleradiology
Geoffrey M Murrish, MD	Radiology	Teleradiology	Teleradiology
Michael G Myers, MD	Radiology	Teleradiology	Teleradiology
Thomas J Neveldine, DO	Radiology	Teleradiology	Teleradiology
Eugene H Roos, DO	Radiology	Radiology	Active
Nancy Shaffer, MD	Radiology	Teleradiology	Teleradiology
Eric D Shelton, MD	Radiology	Radiology	Courtesy
Ravinder S Sohal, MD	Radiology	Teleradiology	Teleradiology
Keith M Spellman, MD	Radiology	Teleradiology	Teleradiology
Brad M Tipler, MD	Radiology	Teleradiology	Teleradiology
Jane Tran, MD	Radiology	Radiology	Active
Eric C Trefelner, MD	Radiology	Teleradiology	Teleradiology
Nabil A Yassa, MD	Radiology	Radiology	Provisional
Courtney C Carter, MD	Radiology	Teleradiology	Teleradiology
James Y Ching, MD	Radiology	Radiology	Active
David R Condie, MD	Radiology	Radiology	Locum Tenens
Lisa J Dabanian, DO	Radiology	Radiology	Locum Tenens
David P Dalzell, MD	Radiology	Teleradiology	Teleradiology
Mohammad H Naheedy, MD	Radiology	Radiology	Active
David Paul Schale, MD	Radiology	Radiology	Provisional
Rajinder P Singh, MD	Radiology	Radiology	Active
Amir Berjis, MD	Surgery	Thoracic Surgery	Active
Richard F Busch, MD	Surgery	Otolaryngology	Active
P.R. Chandrasekaran, MD	Surgery	Orthopedic Surgery	Associate-No Clinical Privileges
Michael J Eagan, MD	Surgery	Orthopedic Surgery	Active
Jan M Eckermann, MD	Surgery	Neurosurgery	Active
Joseph TJ Fan, MD	Surgery	Ophthalmology	Associate-No Clinical Privileges
Michael B Freeman, MD	Surgery	Plastic Surgery	Active

Harry M Green, OD	Surgery	Optometry	Allied Health Professional
Saeed S Hashemi, PA-C	Surgery	Orthopedic Surgery	Allied Health Professional
Brandon J Hawkins, DPM	Surgery	Podiatry	Associate-No Clinical Privileges
Deborah P Jair, PA-C	Surgery	General Surgery	Allied Health Professional
Greg W Kaiser, OD	Surgery	Optometry	Allied Health Professional
Thomas M Le, PA-C	Surgery	Orthopedic Surgery	Allied Health Professional
Thomas C Lee, MD	Surgery	Ophthalmology	Provisional
Robert E Lieberson, MD	Surgery	Neurosurgery	Active
Charles Liu, MD	Surgery	Neurosurgery	Active
William Joseph Meyer, MD	Surgery	Neurosurgery	Active
Geoffrey Marc Miller, MD	Surgery	Orthopedic Surgery	Courtesy
Carmela Morales, NP-C	Surgery	Pre-Operative Clearance	Allied Health Professional
Joseph Saman Moza, MD	Surgery	General Surgery	Associate-No Clinical Privileges
Hoang N Nguyen, DPM	Surgery	Podiatry	Active
Andrea M Pakula, MD	Surgery	Trauma/Surgical Critical Care	Active
Laura E Parker, PA-C	Surgery	Plastic Surgery	Allied Health Professional
Denise Portugal, MD	Surgery	General Surgery	Active
Majid Rahimifar, MD	Surgery	Neurosurgery	Associate-No Clinical Privileges
Carmen Rivera, NP-C	Surgery	General Surgery	Allied Health Professional
Susan Schaufelberger, NP-C	Surgery	Neurosurgery	Allied Health Professional
Ramon S Snyder, MD	Surgery	General Surgery	Active
Monica Sutter, PA	Surgery	Orthopedic Surgery	Allied Health Professional
Karim Zahriya, MD	Surgery	General Surgery	Associate-No Clinical Privileges
Gary Keith Zerlin, MD	Surgery	Otolaryngology	Associate-No Clinical Privileges
Thomas Chen, MD	Surgery	Neurosurgery	Courtesy
Kevin F Ciresi, MD	Surgery	Plastic Surgery	Associate-No Clinical Privileges
Arturo Gomez, MD	Surgery	Orthopedic Surgery	Active
Amber E Harmon, PA	Surgery	Plastic Surgery	Allied Health Professional
Shahab P Hillyer, MD	Surgery	Urology	Provisional
Selwyn Kay, MD	Surgery	General Surgery	Active
Maureen F Martin, MD	Surgery	General Surgery	Active
Jeffrey G Nalesnik, MD	Surgery	Urology	Provisional
Benjamin J Serxner, MD	Surgery	Neurosurgery	Provisional
Moshe Sinaie, DPM	Surgery	Podiatry	Associate-No Clinical Privileges
Ruby A Skinner, MD	Surgery	Trauma/Surgical Critical Care	Active
Andrea L Snow, MD	Surgery	Orthopedic Surgery	Active
Sandra J Sofinski, MD	Surgery	Ophthalmology	Provisional
Victor J Sorensen, MD	Surgery	General Surgery	Active
Tung Thanh Trang, MD	Surgery	Otolaryngology	Active
Vinh Q Trang, MD	Surgery	Urology	Provisional
Siranush S Yegiyants, MD	Surgery	Plastic Surgery	Active



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

April 20, 2016

**SUBJECT: Establish an interest-bearing Fund and Budget Unit in the County of Kern Financial Management System**

**Recommended Action: Approve establishing an interest-bearing fund and budget unit in the County Financial Management System; Direct staff to send correspondence of approval to the County Auditor-Controller-County Clerk**

The purpose of this letter is to request your Board's approval to establish an interest-bearing fund in the County Financial Management System.

The financial activity of Kern Medical is currently recorded in the County's Financial Management System (FMS) under an enterprise fund as well as in the Hospital's financial system. It is anticipated that the Hospital Authority will continue to use FMS or a transition period in order to facilitate the processing of payroll, payment of vendor claims and banking services through the Treasury pool. In order to ensure that the Kern County Hospital Authority financial activity after the transfer is properly recorded in FMS, it is necessary to maintain an interest-bearing fund and budget unit specific to the Kern County Hospital Authority. The County Auditor-Controller-County Clerk requires this Board authorization prior to establishing the fund and budget unit.



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

April 20, 2016

**SUBJECT: Materials Management Policies, including Vendor Payment and  
Signature Authorization Schedules**

**Required Action: Approve Policies**

- Materials Management - General
- Supply Warehouse – Distribution
- Central Supply Cart
- Mailroom and Messenger Duties
- Receiving Inspection and Receipt of Damaged Goods
- Blanket Purchase Order
- Competitive Bidding
- Procurement to Payment
- Approval Levels for Capital Requisition and Accounts Payable
- Guidelines for Vouches Systems Payment Requests

KCHA Materials Management will provide a multiple service function, including Warehousing, Purchasing, Supply Distribution, Mailroom, and Messenger services. Together with the Accounts Payable function this will comprise the “Procurement to Payment” chain of activities for the organization.

KCHA Materials Management will maintain and manage all traditional control functions regarding supplies and purchasing, including signature authority limits (co managed with Finance), contract pricing and contract compliance, receiving inspections and theft prevention, and other functions within the realm of supplies, equipment, and purchased services.

KCHA will utilize contracts provided by one or more Group Purchasing Organization(s) for national contract pricing for commodity items. Where appropriate, competitive bidding will be used to facilitate achieving market appropriate pricing and terms.

**KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS  
HAVE BEEN PROVIDED ELECTRONIC COPIES OF  
“MATERIALS MANAGEMENT POLICIES”**

**A COPY OF THE “MATERIALS MANAGEMENT POLICIES”  
IS AVAILABLE FOR PUBLIC INSPECTION WITH THE  
AUTHORITY BOARD COORDINATOR**



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

April 20, 2016

**SUBJECT: Office of Pharmacy Affairs Hospital Certification of  
Ownership/Operation by a unit of State/Local Government**

**Required Action: Approve. Authorize Chairman to sign.**

This is to request your Board's approval of the Office of Pharmacy Affairs' Hospital Certification of Ownership/Operation By a Unit of State/Local Government to meet the eligibility requirements for the federal government's 340(B) pharmacy price program. This certification is part of the change of ownership applications that Kern Medical Center must submit.

By way of background, pursuant to the Kern County Hospital Authority Act (California Health & Safety Code § 101852 et seq.), the California Legislature authorized the County of Kern to establish the Hospital Authority (Hospital Authority) and to transfer the ownership, control, management, and operation of the Kern Medical Center to the Hospital Authority. On October 6, 2015, the Kern County Board of Supervisors adopted an ordinance which created the Hospital Authority. The Hospital Authority became a legal entity on November 6, 2015. The Hospital Authority is a public agency that is a local unit of government separate and apart from the County of Kern and any other public entity. It is anticipated that the ownership and operations of Kern Medical Center will be transferred from the County of Kern to the Hospital Authority on July 1, 2016.

Kern Medical Center must submit a significant number of documents and filings with various government agencies as part of the change of ownership. The process to prepare and review the various filings involves hospital staff completing the required forms, which are then further reviewed for completeness and accuracy by the County's retained outside legal counsel for the transfer, Foley & Lardner, LLP.

This certification is submitted to the federal government's Department of Health and Human Services' Office of Pharmacy Affairs as part of the 340(B) pharmacy pricing program, which provides for more affordable drug pricing for organizations serving a disproportionate share of socioeconomically challenged patients.

**OFFICE OF PHARMACY AFFAIRS (OPA)  
HOSPITAL CERTIFICATION OF OWNERSHIP/OPERATION  
BY A UNIT OF STATE/LOCAL GOVERNMENT**

**In order to meet the eligibility requirement (Section 340B(a)(4)(L)(i)) of ownership/operation by a unit of state/local government this certification must be completed and signed by a representative from both parties specified below.**

\_\_\_\_\_  
Name of Hospital

\_\_\_\_\_  
Street Address, City, State, Zip

**I certify that the aforementioned hospital organization is owned and/or operated by a unit of the State or local government.** (Please check the appropriate box below)

**Owned**

**Operated**

**Both**

\_\_\_\_\_  
Signature of State or Local Government Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of State or Local Government Official (*please print or type*)

\_\_\_\_\_  
Title and Unit of Government

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Ext.

\_\_\_\_\_  
E-Mail Address

**The undersigned represents and confirms that he/she is fully authorized to legally bind the covered entity and certifies that the contents of any statement made or reflected in this document are truthful and accurate. I certify that the ownership and/or operating status identified above is currently valid, and agree to inform the Office of Pharmacy Affairs of any material change as soon as reasonably possible.**

\_\_\_\_\_  
Signature of Hospital Authorizing Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name & Title of Hospital Authorizing Official (e.g.: CEO, CFO, COO) (*Please print or type*)

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Ext.

\_\_\_\_\_  
E-Mail Address



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

April 20, 2016

**SUBJECT: Shared Use Agreement with the County of Kern for a Portion of the Parking Lots, Sidewalks, and other Access Ways on the Hospital/Public Health Complex.**

**Required Action: Approve.**

The shared use agreement provides for joint use by County and Hospital Authority invitees on all sidewalks, parking lots, and other public spaces within a delineated area on the hospital/public health complex. Attachment A shows the joint use area highlighted. The agreement provides for mutual indemnification of either party for actions brought against it by invitees of the other party. Each party will maintain its own property at its own cost.

**JOINT USE AGREEMENT FOR COMMON AREA AT  
THE MOUNT VERNON MEDICAL COMPLEX, BAKERSFIELD, CA**

(County of Kern – Kern County Hospital Authority)

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**JOINT USE AGREEMENT FOR COMMON AREA AT  
THE MOUNT VERNON MEDICAL COMPLEX, BAKERSFIELD, CA**

(County of Kern – Kern County Hospital Authority)

**THIS JOINT USE AGREEMENT (“Agreement”)** is executed at Bakersfield, California, on \_\_\_\_\_, 2016 (“**Execution Date**”) by and between the **COUNTY OF KERN**, a political subdivision of the State of California (“**County**”), and the **KERN COUNTY HOSPITAL AUTHORITY**, a county hospital authority (“**Authority**”). County and Authority are referred to individually as a “**Party**” and collectively as the “**Parties**.”

**RECITALS:**

**A.** County has owned improved real property along Mount Vernon Avenue between Ridge Road and Flower Street in Bakersfield, County of Kern, State of California, which includes 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 facilities (collectively, “**Complex**”).

**B.** Ownership of a portion of the Complex, to include Kern Medical Center, transferred to the Authority by vote of the Kern County Board of Supervisors on \_\_\_\_\_, effective July 1, 2016.

**C.** The Complex contains common area to all facilities including parking lots, parking lot lights, signage, landscaping, and utilities.

**D.** The Parties desire to enter into a Joint Use Agreement to define the use, maintenance, repair, and replacement of the common area components over the remaining life and use of the Complex by the Parties.

**AGREEMENT:**

**1. Premises:** This Agreement shall apply to the common areas on the Complex, which are shared by the Parties and their employees, invitees, clients, and the general public. For purposes of this Agreement, the Common Use Area shall be referred to as the “**Premises**” and shall be defined as: all areas outside the physical structures and facilities described in Recital A, and within the exterior boundaries of the Complex that are not a part of another County department’s exclusive-use space (specifically, sections labeled in **PURPLE** and **YELLOW** on the attached **Exhibit “A”**), which are provided and designated from time to time for the general use and convenience of the Parties and their respective representatives and invitees. Common Use Area includes ingress and egress, parking areas, service roads, sidewalks, sign kiosks, landscaped areas, and those utilities that serve them. The Parties may not entirely restrict ingress

or egress, or negatively disturb the flow of traffic within the Complex in the future development of the Common Use Area, unless agreed to in advance in writing, by both Parties.

**2. Purpose:**

**a. General** – The Premises shall be utilized for the general use and convenience of the Parties and their respective representatives and invitees. The purpose of this Agreement is to ensure the maintenance and overall good condition of the Premises, and to exercise and perform any and all other rights and obligations granted under this Agreement. Liability for environmental or safety conditions with the Premises shall be assigned to each Party according to ownership specific to the location of an incident.

**b. No Nuisance** – Neither Party shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of the other Party or any other County department, or injure or annoy a Party or others. Neither Party shall cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose.

**3. Term:** The term of this Agreement shall commence on July 1, 2016 (“**Effective Date**”) and remain in effect until deemed no longer necessary by mutual agreement of the Parties.

**4. Obligation to Meet and Confer:** The Parties shall meet as needed throughout the term of this Agreement to discuss coordination of upcoming maintenance projects or other foreseeable expenditures regarding the Premises. The Parties may meet as necessary to discuss this Agreement and language therein.

**5. Condition of Premises:** The Parties have inspected the Premises and know the extent and condition thereof and accept same in its present condition, subject to and including all defects, latent, and/or patent. The Parties acknowledge that as of the Execution Date, there are major maintenance projects required to keep the Premises in safe and usable condition, which will be addressed pursuant to **Section 6**.

**6. Operation and Maintenance:**

**a. Exclusive Use Areas** – Each Party shall be responsible for its own operational costs, including the payment of utilities, related to their respective exclusive-use areas, defined by ownership and labeled on the attached **Exhibit “A.”** County shall be solely responsible for the operation and maintenance of the sections labeled **BLUE** on the attached **Exhibit “A.”** The Authority shall be solely responsible for the operation and maintenance of the sections labeled **RED** on the attached **Exhibit “A.”**

**b. Common Use Area** – Each Party shall be responsible for its own operational costs, including the payment of utilities, related to the Common Use Area, as defined by ownership. County shall be responsible for the section labeled **PURPLE** on the attached **Exhibit “A.”** The Authority shall be responsible for the section labeled **YELLOW** on the attached **Exhibit “A.”**

**c. Taxes** – Any taxes or levies against real property owned by the Authority or owned by the County that can be attributed to the Common Use Area shall be paid by

the ownership of said property.

**d. Landscaping** – Each Party shall be responsible for the maintenance of the landscaping on its own property.

**e. Failure to Maintain** – Should either Party fail to maintain their portion of the Common Use Area as to cause a safety hazard or substantial nuisance to the other Party, or fails to perform any duty imposed under this **Section 6** (such party is referred to as an “**Offender**”) within a reasonable period of time wherein written notice has been provided to the offended party, the offended Party may, but is not required to, perform those duties or remove the offending safety hazard or nuisance at the Offender’s sole cost. The Offender shall promptly cooperate with the offended Party if the offended Party undertakes to perform any such duties. No action by the offended Party taken pursuant to this **Section 6.e** shall constitute a waiver of any of the Offender’s obligations under this **Section 6**.

**7. Signs:** Any costs related to the maintenance, repair, and replacement of existing signs on the Common Use Area shall be addressed pursuant to **Section 6.b**. Should either Party request or require a new sign on the Premises, the requesting Party shall be solely responsible for any associated costs.

**8. Indemnification:** Subject to the assignment of liability described in **Section 2.a**, each Party agrees to defend, hold harmless, and indemnify the other Party (and the other Party’s officers, employees, trustees, agents, successors, assigns, and invitees, collectively referred to as the “**Indemnified Parties**”) against all claims, suits, expenses (including reasonable attorney’s fees), losses, penalties, fines, costs, and liability whether in contract, tort, or strict liability (including but not limited to personal injury, death at any time, and property damage) arising out of or made necessary by **i**) the indemnifying Party’s breach of the terms of this Agreement; **ii**) the act or omission of the indemnifying Party and its Indemnified Parties in connection with performance of this Agreement; and **iii**) the presence of the indemnifying Party and its Indemnified Parties on the other Party’s premises. In the event that any action or proceeding is brought against a Party by reason of any claim or demand discussed in this **Section 8**, upon reasonable notice from the other Party, the indemnifying Party shall defend the action or proceeding at the other Party’s expense through counsel reasonably satisfactory to the other Party. The obligations to indemnify set forth in this **Section 8** shall include reasonable attorney’s fees, investigation costs, and all other reasonable costs, expenses, and liabilities from the first notice than any claim or demand is to be made. The indemnifying Party’s obligations under this **Section 8** shall apply regardless of whether the other Party or its Indemnified Parties are actively or passively negligent, but shall not apply to any loss, liability, fine, penalty, forfeiture, cost, or damage determined by an arbitrator or court of competent jurisdiction to be caused solely by the active negligence or willful misconduct of the other Party and its Indemnified Parties.

**9. Maintenance of Insurance:** Each Party shall maintain in effect throughout the term, its General Liability Program under which it shall have a retention and such excess insurance in an amount not less than \$2,000,000 per occurrence, \$4,000,000 aggregate with combined liability for personal injury and property damage for its own property. Upon request by a Party, the other Party shall provide a letter of self-insurance from its Risk Manager evidencing the same.

**10. Notices:** All notices herein provided to be given, or which may be given, by either Party to the other shall be deemed to have been fully given when made in writing and deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, and addressed as follows:

To Authority: Kern County Hospital Authority  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

To County: County of Kern  
General Services Division  
1115 Truxtun Avenue 3<sup>rd</sup> Floor/Property Management  
Bakersfield, CA 93301

The address to which the notices shall be mailed to either Party may be changed by written notice given by such Party to the other, but nothing shall preclude the giving of any such notice by personal service.

**11. Authorized Agent of County:** The Assistant County Administrative Officer of General Services is the duly authorized agent of County for purposes of this Agreement.

**12. Miscellaneous Provisions:**

**a. Negation of Partnership** – County shall not become or be deemed a partner or joint venturer with Authority or associate in any relationship with Authority other than that of landlord and tenant by reason of the provisions of this Agreement. Authority shall not for any purpose be considered an agent, officer, or employee of County.

**b. Conflict of Interest** – The Parties have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All Parties agree that they are unaware of any financial or economic interest of any public officer or employee of County relating to this Agreement. It is further understood and agreed that if such a financial interest does exist as of the Execution Date, County may immediately terminate this Agreement by giving written notice to Authority. The Parties shall comply with the requirements of Government Code Section 87100 et seq. during the term of this Agreement.

**c. Incorporation of Prior Agreements** – This Agreement contains all agreements of the Parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective.

**d. Remedies Not Exclusive** – The use by either Party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive such Party of, or limit the application of, any other remedy provided by law, at equity, or otherwise.

**e. Severability** – If any part, term, portion, or provision of this Agreement is 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.

**f. Governing Law; Venue** – The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. If either Authority or County initiates an action to enforce the terms of this Agreement or declare rights hereunder, including actions on any bonds and/or surety agreements, the venue thereof shall be the County of Kern, State of California, it being understood that this Agreement is entered into, and will be performed, within the County of Kern.

**g. Construed in Accordance with California Constitution** – The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. It is the Parties’ intent that, notwithstanding any other provisions of this Agreement, this Agreement shall be interpreted so as not to be in conflict with, or in violation of, the provisions of Article XVI, section 18 of the California Constitution (Debt Limitation).

**h. Compliance with Laws** – Authority shall, at its sole cost, promptly comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to the use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises.

**i. Successors** – All terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

**j. No Third Party Beneficiaries** – This Agreement is made for the sole benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns, and no other persons shall have any right of action hereon.

**k. Covenants and Conditions** – Each provision of this Agreement performable by Authority shall be deemed both a covenant and a condition.

**l. Modification** – This Agreement may be modified or amended only by a written document signed by both Parties.

**m. Authorization** – Each individual executing this Agreement on behalf of either Party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of that Party, and that this Agreement is binding upon both Parties in accordance with its terms.

**n. Construction** – The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

**o. Recitals** – Each of the recitals is incorporated in this Agreement by reference as if fully set forth in this Agreement at length, is deemed to be the agreement and a reflection of the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

**p. Captions** – Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement.

**q. Exhibits** – All exhibits attached to this Agreement are incorporated into

this Agreement by reference.

r. **Time of Essence** – Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Agreement.

*The remainder of this page has been left intentionally blank.*

The Parties have executed this Agreement on the Execution Date.

**COUNTY OF KERN**

**KERN COUNTY HOSPITAL AUTHORITY**

By \_\_\_\_\_  
Chairman, Board of Supervisors  
"County"

By \_\_\_\_\_  
Chairman, Board of Governors  
"Authority"

**APPROVED AS TO CONTENT:**  
County Administrative Office

**APPROVE AS TO CONTENT:**  
Kern County Hospital Authority

By \_\_\_\_\_  
Assistant County Administrative  
Officer for General Services

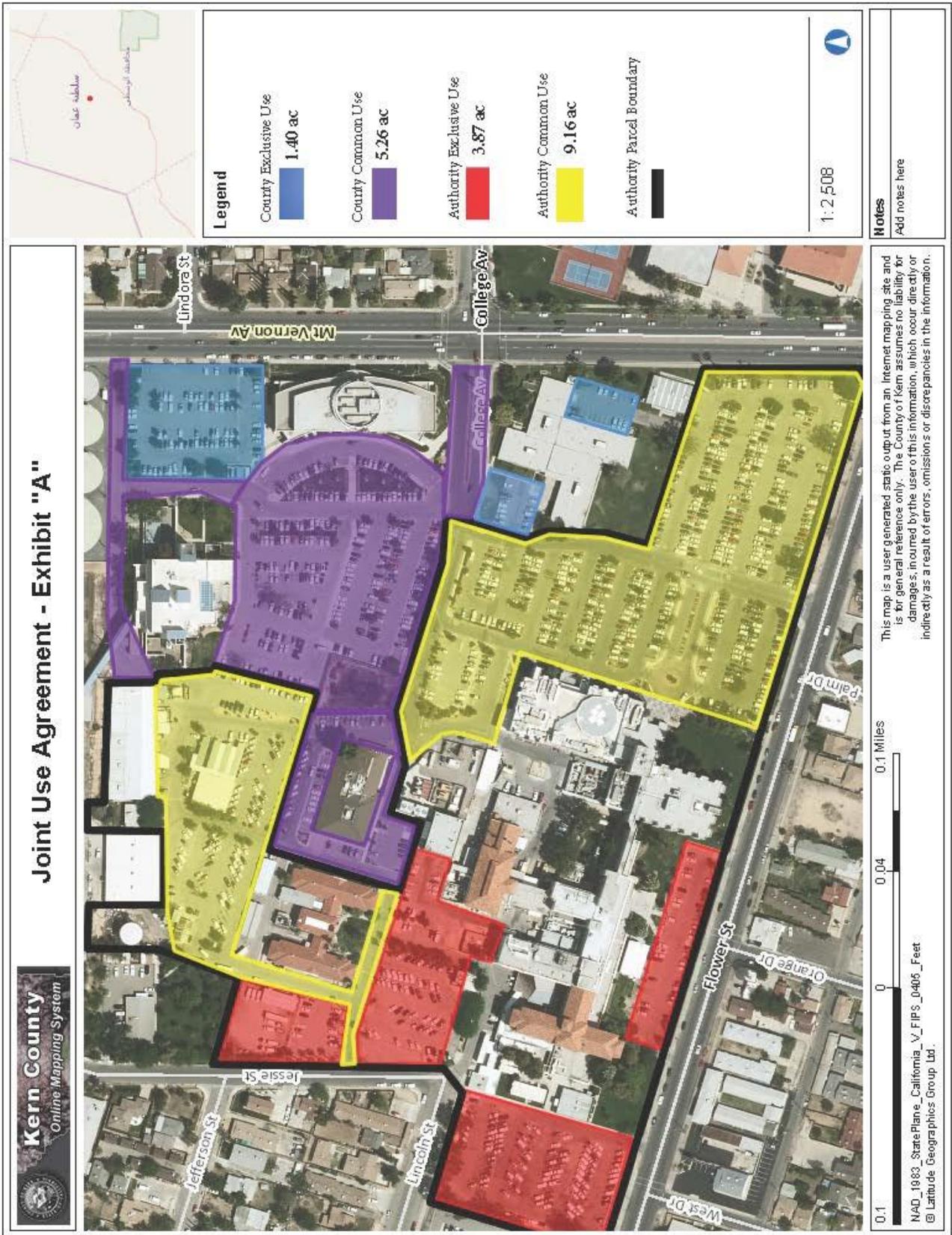
By \_\_\_\_\_  
Chief Operating Officer

**APPROVED AS TO FORM:**  
Office of County Counsel

**APPROVED AS TO FORM:**  
Office of County Counsel

By \_\_\_\_\_  
Chief Deputy

By \_\_\_\_\_  
Deputy





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

April 20, 2016

**SUBJECT: Lease with the County of Kern for a Portion of the Coroner's Building for Use as a Pharmacy.**

**Required Action: Approve.**

The out-patient pharmacy at Kern Medical processes roughly 7800 prescriptions per month and is currently located in a portion of the Coroner's Office. This item would approve a lease for that portion of the Coroner's building, totaling almost 1,600 square feet, for continued use as an out-patient pharmacy. The term of the lease is 7 years with an average yearly rate of \$1.40 per square foot per month. The lease has a 180-day out clause, whereby either party may terminate the lease without cause.

**AGREEMENT FOR LEASE  
OF A PORTION OF THE PHARMACY WITHIN THE  
CORONER'S BUILDING AT THE  
MOUNT VERNON MEDICAL COMPLEX, BAKERSFIELD**

(County of Kern – Kern County Hospital Authority)

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**AGREEMENT FOR LEASE  
OF A PORTION OF THE PHARMACY WITHIN THE  
CORONER'S BUILDING AT THE  
MOUNT VERNON MEDICAL COMPLEX, BAKERSFIELD**

(County of Kern – Kern County Hospital Authority)

**THIS AGREEMENT** (“**Agreement**”) is executed at Bakersfield, California, on \_\_\_\_\_, 2016 (“**Execution Date**”) by and between the **COUNTY OF KERN**, a political subdivision of the State of California (“**County**”), and the **KERN COUNTY HOSPITAL AUTHORITY**, a county hospital authority, which owns and operates Kern Medical Center (“**Lessee**”). County and Lessee are referred to individually as a “**Party**” and collectively as the “**Parties**.”

**RECITALS:**

- A.** County owns real property commonly known as the Coroner’s Building (“**Building**”) located off of Mount Vernon Avenue and College Avenue in Bakersfield, County of Kern, State of California; and
- B.** A portion of the Building is improved as a pharmacy (“**Pharmacy**”); and
- C.** Lessee operates the Pharmacy as Kern Medical Center, and desires to continue those pharmacy services in support of its operations as the Kern County Hospital Authority; and
- D.** Pursuant to Government Code Section 25537, County may make contracts leasing County property devoted to serve a public purpose; and
- E.** County is willing to lease the Pharmacy to Lessee pursuant to the terms and conditions of this Agreement.

**AGREEMENT:**

- 1. Premises:** For and in consideration of the terms, covenants, and conditions contained in this Agreement, County leases to Lessee, and Lessee leases from County, an approximate 1,784-square foot portion of the Building, which is located off of Mount Vernon Avenue and College Avenue, Bakersfield, County of Kern, State of California, and is depicted on the site plan attached as **Exhibit “A”** (“**Premises**”).
- 2. Term:**
  - a. Initial Term** – The initial term of this Agreement shall commence on the transfer of Kern Medical Center to the Kern County Hospital Authority, which is scheduled to occur on or about July 1, 2016 (“**Commencement Date**”) and terminate seven years thereafter, unless sooner terminated as provided in this Agreement (“**Term**”).
  - b. Extension of Term to Remove Hazardous Materials** – If Hazardous Materials are found on the Premises, County may, at its sole discretion, require Lessee to remain in possession of the Premises beyond the expiration of the Term until the County determines that

the Hazardous Materials are no longer present. “**Hazardous Materials**,” as used in this Agreement, shall be defined as stated in **Exhibit “B.”**

**3. Option to Extend Term:** Provided Lessee is not in default of any of the terms, covenants, or conditions of this Agreement, Lessee shall have one option to extend the initial Term for a three-year period. Lessee may exercise the option by giving the Assistant County Administrative Officer for General Services (“**CAAO**”) written notice of Lessee’s desire to extend, not less than 60 days prior to expiration of the initial Term. The **CAAO**, at the **CAAO**’s sole discretion, may accept or reject the request to extend. If an option is exercised, “**Term**” shall include the option term. “**Term**” shall also include any hold over period.

**4. Right to Terminate:** Either Party may terminate this Agreement by providing a 180-day prior written notice to the other Party.

**5. Hold Over:** If Lessee holds over after the expiration of the Term, with the express or implied consent of County, such holding over shall be a tenancy only from month to month and shall be governed by the terms, covenants, and conditions contained in this Agreement.

**6. Rent:**

**a. Initial Term** – As consideration for the lease of the Premises during the initial Term, Lessee shall pay to County in lawful money of the United States without deduction or offset, to the **CAAO**, General Services Division, 1115 Truxtun Avenue, 3<sup>rd</sup> Floor, Bakersfield, CA, or to such persons and at such places as may be designated from time to time by County. The first monthly rent payment shall be paid within 30 days of the Commencement Date, and thereafter for the balance of the Term, shall be paid on or before the first day of the month. Each monthly rent payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month. In the event Lessee occupies the Premises for a partial month at any time, Lessee shall only be responsible for a prorated portion of the monthly rent. The rental rates for the initial Term shall be as follows:

- Year 1 = \$1.35 per square foot per month, discounted 20% to equal \$1.08
- Year 2 = \$1.39 per square foot per month, discounted 20% to equal \$1.11
- Year 3 = \$1.43 per square foot per month
- Year 4 = \$1.47 per square foot per month
- Year 5 = \$1.51 per square foot per month
- Year 6 = \$1.56 per square foot per month
- Year 7 = \$1.61 per square foot per month

**b. Option Term** – The amount of monthly rent for the 3-year option term shall be determined by County prior to the commencement of the option term, which shall be a discounted fair market rate, but in no event shall the rent for the option term be less than the rent paid during the previous year.

**c. Hold Over Term** – Should there be a hold over period, the amount of monthly rent shall be determined by County at the commencement of the hold over period.

**d. Operations Fee** – Authority shall be responsible for its prorata share (15%) of the monthly utility and operational charges for the Building (including but not limited to gas, water, electricity, sewer, trash and refuse, etc.). These charges may be billed by County at the conclusion of each month or quarterly.

e. **Late Pay** – If money payable to County as a condition of this Agreement is not paid in full when due, County shall issue a 30-day written notice to cure. If payment by Lessee is not made within 60 days of its due date, County may consider this failure to pay a material breach of this Agreement and may immediately terminate the Agreement consistent with **Section 22.a**.

7. **Purpose:**

a. **In General** – This Agreement is made for the purpose of allowing Lessee to operate the Premises as a pharmacy. Lessee shall not use or permit the Premises to be used for any other purpose without the prior written consent of the ACAO, which may be granted or withheld at the ACAO’s sole discretion.

b. **No Nuisance** – Lessee shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of County or any others, or injure or annoy County or others. Lessee shall not cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose. Within 72 hours of receiving written notice from County that a nuisance exists, Lessee shall abate or otherwise cause the nuisance to be abated. If Lessee has not taken corrective action within 72 hours, then County may enter and abate the nuisance at the sole cost of Lessee without any liability whatsoever to County. Lessee shall not allow any offensive matter, refuse, or substance constituting an unnecessary, unreasonable, or unlawful fire hazard, or material detrimental to the public health, to remain on the Premises or within a distance of 50 feet thereof, and shall prevent any accumulation thereof from occurring.

8. **Condition of Premises:** Lessee occupied the Premises prior to the Execution Date and knows the extent and condition thereof and accepts same in its present condition, subject to and including all defects, latent, and/or patent. Lessee acknowledges that the Premises has not undergone inspection by a Certified Access Specialist, and Lessee accepts the Premises in its present condition.

9. **Alterations:** Lessee shall make no modifications, improvements or additions to the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld.

10. **Repair and Maintenance:** County shall repair and maintain the Premises in a clean, sanitary and safe condition and in compliance with the terms, covenant and conditions of this Agreement and all applicable federal, state, and local laws, including, without limitation, statutes, ordinances, rules, and regulations (“**Applicable Laws**”).

11. **Utilities and Services; Modification of Utilities:** County shall provide all utilities used by Lessee in connection with its operations on the Premises. Lessee shall not modify any utilities on the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld.

12. **Taxes and Assessments:** Lessee shall pay all taxes, fees, charges, and assessments levied by any governmental agency upon any interest acquired by Lessee under this Agreement. Lessee is aware that certain possessory interests may be created by entering into this Agreement and that such interests will be subject to the payment of property taxes levied on such interest.

**13. Lessee's Furniture, Fixtures and Equipment:**

**a. In General** – Lessee may install its own FF&E in the interior of the Premises, at its sole cost. In addition to Lessee's obligations under **Section 30**, at the expiration or termination of this Agreement, Lessee shall remove its FF&E, and repair any damage to the Premises or Building as a result of removal, at Lessee's sole cost.

**b. Abandonment of FF&E** – Any FF&E belonging to Lessee and left on the Premises shall be kept for a reasonable time by County, but in no event longer than 30 days after County gives Lessee written notice to remove such property from the Premises. After the 30-day period, if not removed, the FF&E may be treated by County as abandoned and declared to be County-owned property, and County may, at Lessee's sole cost, repair any damage to the Premises as a result of removal. The costs charged to Lessee may include, without limitation, consideration for the additional time Lessee or its FF&E occupied the Premises beyond the deadlines and disallowed County's full utilization of the Premises as the owner of the property.

**c. FF&E as Security** – If, at the time of expiration or termination of this Agreement, Lessee is in default of any of the terms, covenants, or conditions of this Agreement, including the payment of rent or any other sums due under this Agreement, Lessee shall not remove from the Premises any of its FF&E (not including leased FF&E), and such personal property shall remain in the Premises as security for the cure of such default, until such time as such default is fully cured by Lessee and any costs incurred by County, including attorneys' fees, are paid in full by Lessee to County.

**14. Signs:** Lessee, at its sole cost, shall have the right to affix and install on the Premises, reasonable signs to identify the Premises, and such signs shall comply with all Applicable Laws, including those of County, and any installation of new or altered signage shall be approved in writing by the ACAO prior to installation. Any damage to the Premises occasioned by the installation and maintenance of any such sign, and the cost of removal or obliteration thereof upon the expiration or termination of this Agreement, shall be paid by Lessee.

**15. Damage and Destruction:** If the Premises are damaged or destroyed by fire or casualty, not the fault of Lessee or any person in or about the Premises with the express or implied consent of the Lessee, the damaged Premises shall be repaired by Lessee at its sole cost, with the use of available insurance proceeds required under **Section 20.c** or Lessee may, at its option, terminate this Agreement and assign the available insurance proceeds to County. In the event that Lessee elects to repair the damaged Premises, this Agreement shall continue in full force and effect except that certain obligations of Lessee may be subject to Force Majeure as provided in **Section 27**. The provisions of California Civil Code sections 1932(2) and 1933(4) shall not apply to this Agreement, and Lessee hereby waives the benefits thereof.

**16. Condemnation:** If all or any part of the Premises is taken as a result of the exercise of the power of eminent domain, this Agreement shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Party shall have the right to terminate this Agreement as to the balance of the Premises by notice to the other Party within 30 days after such date. However, a condition to the exercise by Lessee of such right to terminate shall be that the portion of the Premises taken shall be of such extent and nature, in Lessee's reasonable judgment, as substantially to handicap, impede, or impair Lessee's use of the balance of the Premises. In the event of any taking, the proceeds shall belong to County.

17. **Right of Inspection:** With reasonable notice to Lessee, County shall have the right to enter upon the Premises at all reasonable times to inspect the Premises and Lessee's operations thereon. County reserves all rights in and with respect to the Premises, not inconsistent with Lessee's use of the Premises as provided in **Section 7** including without limitation the right of County to enter upon the Premises for the purpose of installing, using, maintaining, renewing, and replacing such underground oil, gas, water, sewer, and other pipelines, and such underground or aboveground telephone, telegraph, and electric power conduits or lines as County may deem desirable in connection with the development or use of the Premises. County shall compensate Lessee for damage to Lessee's FF&E caused by the exercise of the rights reserved in this **Section 17**.

18. **Hazardous Materials:**

a. **No Hazardous Materials** – As of the Execution Date, Lessee shall not permit any new Hazardous Materials to be stored or brought onto the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld. If Lessee spills any Hazardous Materials anywhere on the Premises, or other County-owned property, Lessee shall cleanup said spill, at its sole cost, and to the sole satisfaction of County. "**Hazardous Materials,**" as used in this Agreement, shall be defined as stated in **Exhibit "B."**

b. **Clean Up of Hazardous Materials** – If any governmental authority or court, which has jurisdiction, demands that a cleanup plan be prepared and/or that a cleanup be undertaken because of any deposit, spill, discharge, or other release of any Hazardous Materials by Lessee, including any contractors working on behalf of Lessee at, on, or from the Premises at any time during Lessee's occupancy of the Premises, or which arises at any time as a result of any uses or occupancy of the Premises by Lessee, then Lessee shall, at its sole cost, prepare and submit the required plans and all related bonds and other financial assurances and carry out all such cleanup plans in a timely manner.

c. **Failure by Lessee to Clean Up** – Lessee shall promptly provide all information regarding the use, generation, storage, transportation, or disposal of Hazardous Materials that is requested by County. If Lessee fails to fulfill any duty imposed under this **Section 18.c** within a reasonable period of time, County may, but is not required to, perform those duties at Lessee's sole cost. Lessee shall promptly cooperate with County if County undertakes to perform any such duties. No action by County taken pursuant to this **Section 18.c** shall constitute a waiver of Lessee's obligations under this **Section 18**. Lessee obligations under this **Section 18** shall survive the expiration or termination of this Agreement.

d. **Receipt of Notice of Violation** – If Lessee becomes aware of or receives notice or other communications concerning any actual, alleged, suspected, or threatened violation of any Environmental Requirements, or liability of Lessee in connection with the Premises or past or present activities of any person thereon, then Lessee shall deliver to County within 10 days of receipt of such notice or communication by Lessee, a written description of said violation, liability, correcting information, or actual or threatened event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not create any obligation on the part of County to defend or otherwise respond to any such notification. "**Environmental Requirements,**" as used in this Agreement, shall be defined as stated in **Exhibit "B."**

19. **Indemnification:**

a. **Mutual** – Each Party agrees to defend, hold harmless, and indemnify the other Party (and the other Party's officers, employees, trustees, agents, successors, assigns, and invitees, collectively referred to as the "**Indemnified Parties**") against all claims, suits,

expenses (including staff time, reasonable attorney's fees, and fees of County Counsel), losses, penalties, fines, costs, and liability whether in contract, tort, or strict liability (including but not limited to personal injury, death at any time, and property damage) arising out of or made necessary by **i)** the indemnifying Party's breach of the terms of this Agreement; **ii)** the negligent or willful acts or omissions of the indemnifying Party and its Indemnified Parties in connection with performance of this Agreement; and **iii)** the presence of the indemnifying Party and its Indemnified Parties on the other Party's premises. In the event that any action or proceeding is brought against a Party by reason of any claim or demand discussed in this **Section 19**, upon reasonable notice from the other Party, the indemnifying Party shall defend the action or proceeding at the other Party's expense through counsel reasonably satisfactory to the other Party. The obligations to indemnify set forth in this **Section 19** shall include reasonable attorney's fees, investigation costs, and all other reasonable costs, expenses, and liabilities from the first notice that any claim or demand is to be made. The indemnifying Party's obligations under this **Section 19** shall apply regardless of whether the other Party or its Indemnified Parties are actively or passively negligent, but shall not apply to any loss, liability, fine, penalty, forfeiture, cost, or damage determined by an arbitrator or court of competent jurisdiction to be caused solely by the negligence or willful misconduct of the other Party and its Indemnified Parties.

**b. Environmental** – In addition, Lessee shall indemnify and defend, upon request of County, County and the Indemnified Parties against any Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials at any time during Lessee's occupancy of the Premises which arises at any time as a result of any uses at, on, or from the occupancy of the Premises by Lessee, or as a result of Lessee's failure to provide any or all information, make any or all of its submissions, and take any or all steps required by any governmental authority or court which has jurisdiction or by any Environmental Requirements. "**Environmental Requirements**" and "**Hazardous Materials**," as used in this Agreement, shall have the meaning provided in **Exhibit "B."**

**c. Survival of Indemnification Obligations** – Lessee's obligations under **Section 19** shall survive the expiration or termination of this Agreement.

**20. Lessee Maintenance of Insurance:** Lessee shall secure and maintain insurance as described below. Lessee shall not perform any work under this Agreement until Lessee has obtained all insurance required under this **Section 20** and the required certificates of insurance, and all required endorsements have been filed with the County's authorized insurance representative. Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of these insurance requirements. The required documents must be signed by the authorized representative of the insurance company shown on the certificate. Upon request by County, Lessee shall supply proof that such person is an authorized representative thereof, and is authorized to bind the named underwriter and company to the coverage, limits, and termination provisions shown thereon. Lessee shall promptly deliver a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the Term or as otherwise specified herein. Such certificates and endorsements shall be delivered to the County's authorized insurance representative prior to the expiration date of any policy and bear a notation evidencing payment of the premium thereof if so requested. Lessee shall immediately pay any deductibles and self-insured retentions under all required insurance policies upon the submission of any claim by Lessee or County as an additional insured.

**a. Workers' Compensation and Employer's Liability Insurance Requirements** –

1) **Workers' Compensation Insurance - Lessee Employees.** If Lessee has employees who may perform any services pursuant to this Agreement, Lessee shall submit written proof that Lessee is insured against liability for workers' compensation in accordance with the provisions of California Labor Code section 3700.

2) **Workers' Compensation Insurance - Lessee Subcontractors.** Lessee shall require any subcontractors to provide workers' compensation for all of the subcontractors' employees, unless the subcontractors' employees are covered by the insurance afforded by Lessee. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Lessee shall provide and/or require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered.

3) **Employer's Liability Insurance.** Lessee shall also maintain employer's liability insurance with limits of \$1,000,000 for bodily injury or disease.

**b. Liability Insurance Requirements –**

1) **In General** – Lessee shall maintain in full force and effect, at all times during the Term, the following insurance:

(a) **Commercial General Liability Insurance,** including without limitation Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement with the County), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Lessee's performance of work under this Agreement. The Commercial General Liability insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Lessee shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

(b) **Automobile Liability Insurance,** against claims of Personal Injury (including bodily injury and death) and Property Damage covering any vehicle and/or all owned, leased, hired, and non-owned vehicles used in the performance of services pursuant to this Agreement with coverage equal to the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

2) **Additional Insureds** – The Commercial General Liability and Automobile liability Insurance required in **Section 20.b** shall include an endorsement naming the County and the Indemnified Parties as additional insureds for liability arising out of this Agreement and any operations related thereto. Said endorsement shall be provided using one of the following three options: (i) on ISO form CG 20 10 11 85; or (ii) on ISO form CG 20 37 10 01 plus either ISO form CG 20 10 10 01 or CG 20 33 10 01; or (iii) on such other forms which provide coverage at least equal to or better than form CG 20 10 11 85.

3) **Self-Insurance Retention** – Any self-insured retentions in excess of \$100,000 must be declared on the Certificate of Insurance or other documentation provided to County and must be approved by the County Risk

Manager, which may be granted or withheld at the County Risk Manager's sole discretion.

4) **Claims-Made** – If any of the insurance coverages required under this Agreement is written on a claims-made basis, Lessee, at Lessee's option, shall either (i) maintain said coverage for at least three years following the termination of this Agreement with coverage extending back to the Execution Date; (ii) purchase an extended reporting period of not less than three years following the termination of this Agreement; or (iii) acquire a full prior acts provision on any renewal or replacement policy.

c. **Fire and Casualty Insurance** – Lessee shall, at its sole cost, maintain on the Building a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least 100% of full replacement value. The insurance policy shall be issued in the names of County, Lessee, and any lender, as their interests appear. The insurance policy shall provide that any proceeds shall be made payable to Lessee, and Lessee shall apply and use such proceeds as required by **Section 15** subject to the priority rights of any lender. Such insurance shall satisfy the requirements of **Section 20.d**, and shall be issued by a company or companies satisfying the requirements of **Section 20.e**. On or before the Commencement Date, Lessee shall deliver to County certificates of insurance indicating that Lessee has complied with the provisions of this **Section 20.c**.

d. **Cancellation of Insurance** – The above-stated insurance coverages required to be maintained by Lessee shall be maintained until the completion of all of Lessee's obligations under this Agreement. Each insurance policy supplied by Lessee must be endorsed to provide that the coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after 10 days written notice in the case of non-payment of premiums, or 30 days written notice in all other cases. This notice requirement does not waive the insurance requirements stated herein. Lessee shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

e. **Insurance Company Rating** – All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum rating of A-; VII. Any exception to these requirements must be approved in writing by the County Risk Manager, which may be granted or withheld at the County Risk Manager's sole discretion.

f. **Lessee Self-Insured** – If Lessee is, or becomes during the term of this Agreement, self-insured or a member of a self-insurance pool, Lessee shall provide coverage equivalent to the insurance coverages and endorsements required above. County will not accept such coverage unless the County Risk Manager determines, in his/her sole discretion and by written acceptance, that the coverage proposed to be provided by Lessee is equivalent to the above-required coverages.

g. **Primary Insurance** – All insurance afforded by Lessee pursuant to this Agreement shall be primary to and not contributing to all insurance or self-insurance maintained by County. An endorsement shall be provided on all policies, except professional liability/errors and omissions, which shall waive any right of recovery (waiver of subrogation) against County.

h. **No Limitations by Policy Limits** – Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Lessee for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage, or to preclude County from taking such other actions as are

available to it under any other provision of this Agreement or otherwise under Applicable Laws.

i. **Failure to Maintain Insurance** – Failure by Lessee to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by Lessee. County, at its sole option, may terminate this Agreement and obtain damages from Lessee resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Lessee, County shall deduct from sums due to Lessee any premiums and associated costs advanced or paid by County for such insurance. If the balance of monies obligated to Lessee pursuant to this Agreement is insufficient to reimburse County for the premiums and any associated costs, Lessee shall reimburse County for the premiums and pay for all costs associated with the purchase of said insurance within 10 days of demand by County. Any failure by County to take this alternative action shall not relieve Lessee of its obligation to obtain and maintain the insurance coverages required by this Agreement.

**21. Liens and Encumbrances:** Lessee shall keep the Premises free from any liens and encumbrances arising out of any work performed, material furnished, or obligations incurred by Lessee, or from any other cause. If any liens or encumbrances are recorded against the Premises, and Lessee fails to remove the lien or encumbrance or post a bond to remove same within 30 days after its filing, County shall give a 30-day notice to Lessee, requiring Lessee to remove or bond around the lien or encumbrance within the 30-day period. If Lessee fails to do so within the 30-day period, County, at its sole discretion after expiration of the 30-day period, may obtain a bond, with all costs of the bond to be reimbursed by Lessee to County.

**22. Breach by Lessee:** In the event any breach by Lessee of any term, covenant, or condition, Lessee shall have 30 days after written notice has been given to Lessee by County to cure, except for breach of the nuisance provisions of **Section 7.b**, which allows 72 hours to cure. If Lessee fails to cure within the stated time periods, County may exercise its remedies under **Section 23**.

a. **Immediate Termination** – Notwithstanding the foregoing, County shall have the right to terminate this Agreement effective immediately pursuant to **Section 6.e** above. Once the Agreement is terminated, Lessee shall have 120 days to vacate the Premises.

**23. Remedies of County:** In the event of a breach by Lessee, County shall have the right either to terminate Lessee's right to possession of the Premises, by giving written notice of termination to Lessee, and thereby terminating this Agreement, or to have this Agreement continue in full force and effect with Lessee at all times having the right to possession of the Premises.

a. **Agreement and Possession Continue** – If County elects to have this Agreement continue in full force and effect, Lessee shall remain liable to perform all of its obligations under this Agreement and County may enforce all of County's rights and remedies. If Lessee abandons the Premises or fails to maintain and protect the same as herein provided, County shall have the right (i) to do all things necessary or appropriate to maintain, preserve, and protect the Premises, including without limitation the installation of keepers or guards or the appointment of a receiver, and (ii) to relet the Premises as the agent of Lessee and for Lessee's account and to do all things appropriate for such reletting. In the event of such reletting, rent received by County shall be credited to Lessee's account. None of the foregoing acts shall be deemed to terminate Lessee's right of possession, and Lessee shall reimburse County on demand for all amounts reasonably expended by County in connection with the foregoing acts, together with interest on all amounts expended by County from time to time at the maximum legal rate from the date due until paid.

Notwithstanding any such election to have this Agreement remain in full force and effect, County may at any time thereafter elect to terminate Lessee's right to possession of the Premises and thereby terminate this Agreement for any previous breach by Lessee which remains uncured or for any subsequent breach.

**b. Agreement and Possession Terminate** – If County gives notice of election to terminate Lessee's possession of the Premises, due to Lessee' breach, County shall be entitled to recover from Lessee the amounts specified in paragraph (a)(4) of section 1951.2 of the California Civil Code, as such section reads as of the Execution Date.

**c. Remedies Not Exclusive** – No right or remedy herein conferred upon or reserved to County is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

**d. County Right to Cure** – In addition to County's remedies upon Lessee's breach, upon 10 days prior written notice to Lessee by County, County may cure any breach by Lessee and, if necessary, may enter upon the Premises for such purpose. In such event, the cost of cure, plus interest at the maximum legal rate from the date due until paid, shall become immediately due and payable.

**24. Breach by County:** In the event of the breach by County of any term, covenant, or condition, County shall have 30 days after written notice has been given to County by Lessee to cure. If County fails to cure within the stated time periods, Lessee may exercise its remedies under **Section 25**.

**25. Remedies of Lessee:** In the event of a breach by County, and if such breach is not cured within 30 days of County's receipt of Lessor's written notice of such breach, Lessee shall have the right to either withhold payment without penalty until the breach is cured, or terminate this Agreement by giving written notice of termination to County as to the date the County was notified of the breach, vacate the premises within 90 days, and Lessee will be released from any further financial obligation to the County.

**a. Agreement and Possession Continue** – If Lessee elects to have this Agreement continue in full force and effect, County shall remain liable to perform all of its obligations under this Agreement and Lessee may enforce all of Lessee's rights and remedies.

**b. Immediate Termination** – Notwithstanding the foregoing, Lessee shall have the right to terminate this Agreement effective immediately pursuant to **Section 25** above. Once the Agreement is terminated, Lessee shall have 120 days to vacate the premises and Lessee will be released from any further financial obligation to County.

**c. Remedies Not Exclusive** – No right or remedy herein conferred upon or reserved to Lessee is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

**26. No Waiver of Breach:** The waiver by County of any term, covenant, or condition contained in this Agreement must be in writing and shall not be deemed to be a waiver of any subsequent breach of the term, covenant or condition contained in this Agreement, and no custom or practice that may arise between the Parties during the course of this Agreement shall be construed to waive or lessen the right of County to the performance by Lessee in strict accordance with the terms of this Agreement.

**27. Force Majeure:**

**a. Definition** – Neither Party shall be held responsible or be deemed to be in default under this Agreement for any delay in performance or failure to perform any of its obligations, if such delay or failure is the result of causes beyond the control and without negligence of the Party. Such causes include, without limitation, acts of nature, strikes, lockouts, riots, insurrections, civil disturbances or uprisings, sabotage, embargoes, blockages, acts of war or terrorism, acts or failure to act by any governmental or regulatory body (whether civil or military, domestic or foreign), governmental regulations superimposed after the fact, communication line failures, power failures, fires, explosions, floods, accidents, epidemics, earthquakes, tsunamis, or other natural or man-made disasters (“**Force Majeure**”). Lack of funds shall not be a Force Majeure event.

**b. Consequences** – The Party affected by a Force Majeure event, upon giving prompt notice to the other Party, shall be excused from performance to the extent of such prevention, restriction, or interference, on a day-to-day basis until the Force Majeure event is removed, and the other Party shall likewise be excused from performance of its obligation which relate to the performance so prevented, restricted, or interfered with. The affected Party shall use its best efforts to avoid or remove the causes of nonperformance and to minimize the consequences thereof, and both Parties shall resume performance when the Force Majeure event is removed.

**28. Quiet Possession:** Lessee, in keeping and performing the terms, covenants and conditions herein contained on the part of Lessee to be kept and performed, shall at all times during the Term peaceably and quietly have, hold, and enjoy the Premises.

**29. Assignment and Subletting:**

**a. No Assignment or Subletting** – Lessee shall not sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or any of its rights and interests hereunder, including its leasehold rights and interests granted by this Agreement, without the prior written consent of the ACAO.

**b. Referral to Board of Supervisors** – However, the ACAO may, at his/her discretion, refer Lessee’s request to (i) sublease, (ii) assign, (iii) transfer, (iv) mortgage, or (v) otherwise convey this Agreement or Lessee’s ground leasehold rights and interests, to County’s Board of Supervisors (“**Board**”) for Board consideration.

**c. Failure to Obtain Consent** – If Lessee shall sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or its rights and interests hereunder, or attempt to do so in violation of the foregoing provision, then in addition to any and all other rights and remedies available to it, County may, at its option by written notice to Lessee, either declare such sublease, assignment, transfer, mortgage, or other conveyance void or terminate this Agreement and all rights and interests of Lessee and all other persons hereunder.

**d. No Waiver or Limitation on Consent** – Any consent to any sublease, assignment, transfer, mortgage, or conveyance shall not be deemed or construed as consent to any different or subsequent sublease, assignment, transfer, mortgage, or conveyance. This clause shall not be construed to limit any right or remedy which County may become entitled to as a matter of law or become entitled to by reason of Lessee’s actions or failures to act.

**e. Lessee in Compliance** – As a condition of County’s consent to any conveyance of this Agreement, Lessee must be in compliance with all terms, covenants, and conditions of this Agreement, including without limitation the payment of all monies due to County.

**30. Surrender of Premises:** On the last day of the Term, or sooner termination of this Agreement, Lessee shall peaceably and quietly leave, surrender, and yield up to County the Premises

in as good a condition and state of repair as it existed on the Commencement Date, subject to damage by Force Majeure, and shall comply with **Section 13** relating to its FF&E. By the expiration or termination date, Lessee shall have paid all utility bills and contacted the appropriate utility companies to have the utility services properly discontinued or transferred.

**31. Notices:** All notices herein provided to be given, or which may be given, by either Party to the other shall be deemed to have been fully given when made in writing and deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, and addressed as follows:

To Lessee: Kern Medical  
1700 Mount Vernon Avenue  
Bakersfield, California 93306  
Attn: Chief Executive Officer

To County: County of Kern  
Property Management  
1115 Truxtun Avenue, 3<sup>rd</sup> Floor  
Bakersfield, CA 93301

The address to which the notices shall be mailed to either Party may be changed by written notice given by such Party to the other, but nothing shall preclude the giving of any such notice by personal service.

**32. Authorized Agent of County:** The ACAO is the duly authorized agent of County for purposes of this Agreement, and as to any obligations assumed by Lessee, they shall be performed to the sole satisfaction of the ACAO, unless another standard is specified in this Agreement.

**33. Miscellaneous Provisions:**

**a. Negation of Partnership** – County shall not become or be deemed a partner or joint venturer with Lessee or associate in any relationship with Lessee other than that of landlord and tenant by reason of the provisions of this Agreement. Lessee shall not for any purpose be considered an agent, officer, or employee of County.

**b. Conflict of Interest** – The Parties have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All Parties agree that they are unaware of any financial or economic interest of any public officer or employee of County relating to this Agreement. It is further understood and agreed that if such a financial interest does exist as of the Execution Date, County may immediately terminate this Agreement by giving written notice to Lessee. The Parties shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.

**c. Nondiscrimination** –

**1)** Lessee, in the use of the Premises and in the operations to be conducted under this Agreement, shall not discriminate or permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, sex, or national origin in any manner prohibited by federal, state, or local laws or policies.

2) Lessee shall furnish its accommodations and services on a fair, equal, and nondiscriminatory basis to all Users, and Lessee shall charge only fair, reasonable, and nondiscriminatory prices for its services. However, Lessee may make reasonable and nondiscriminatory rebates, discounts, or other similar price reductions to volume service Users to the extent permitted by Applicable Laws.

3) Lessee shall make its accommodations and services available to the public on fair and reasonable terms without discrimination on the basis of race, color, creed, religion, ancestry, sex, or national origin.

4) Lessee shall not discriminate nor allow discrimination, either directly or indirectly, in hiring or employing persons to work at the Building.

5) Lessee shall include the language in **subsections (1) through (4)** in any agreement by which Lessee assigns or transfers any interest in the Premises or this Agreement, or grants a right or privilege to any person, firm, or corporation to use the Premises or to render accommodations and services to the public on the Premises.

6) Non-compliance with **subsections (1) through (4)** shall constitute a material breach of this Agreement, and in addition to any other remedies provided by Applicable Laws or this Agreement, County shall have the right to terminate this Agreement without liability therefore, may seek an injunction to enforce **subsections (1) through (4)**, and may charge Lessee the sum of \$25.00 per day for each incident of a failure to comply.

**d. Incorporation of Prior Agreements** – This Agreement contains all agreements of the Parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective.

**e. Remedies not Exclusive** – The use by either Party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive such Party of, or limit the application of, any other remedy provided by law, at equity, or otherwise.

**f. Severability** – If any part, term, portion, or provision of this Agreement is 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.

**g. Governing Law; Venue** – The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. If either Lessee or County initiates an action to enforce the terms of this Agreement or declare rights hereunder, including actions on any bonds and/or surety agreements, the venue thereof shall be the County of Kern, State of California, it being understood that this Agreement is entered into, and will be performed, within the County of Kern.

**h. Compliance with Laws** – Lessee shall, at its sole cost, promptly comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to the use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises.

**i. Successors** – Subject to **Section 27**, all terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

**j. No Third Party Beneficiaries** – This Agreement is made for the sole benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns, and no other persons shall have any right of action hereon.

**k. Covenants and Conditions** – Each provision of this Agreement performable by Lessee shall be deemed both a covenant and a condition.

**l. Modification** – This Agreement may be modified or amended only by a written document signed by both Parties.

**m. Authorization** – Each individual executing this Agreement on behalf of either Party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of that Party, and that this Agreement is binding upon both Parties in accordance with its terms.

**n. Construction** – The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

**o. Recitals** – Each of the recitals is incorporated in this Agreement by reference as if fully set forth in this Agreement at length, is deemed to be the agreement and a reflection of the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

**p. Captions** – Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement.

**q. Exhibits** – All exhibits attached to this Agreement are incorporated into this Agreement by reference.

**r. Time of Essence** – Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Agreement.

*The remainder of this page has been intentionally left blank.*

The Parties have executed this Agreement on the Execution Date.

**COUNTY OF KERN**

**KERN COUNTY HOSPITAL AUTHORITY**

By \_\_\_\_\_  
Assistant County Administrative  
Officer for General Services  
"County"

By \_\_\_\_\_  
Chairman, Board of Governors  
"Lessee"

**APPROVED AS TO CONTENT:**  
County Administrative Office

**APPROVED AS TO CONTENT:**  
Kern County Hospital Authority

By \_\_\_\_\_  
General Services - Division Director

By \_\_\_\_\_  
Chief Operating Officer

**APPROVED AS TO FORM:**  
Office of County Counsel

**APPROVED AS TO FORM:**  
Office of County Counsel

By \_\_\_\_\_  
Chief Deputy

By \_\_\_\_\_  
Deputy



**Definition of Environmental Terms**

For the purpose of this Agreement, the following terms and words shall have the meaning given below:

**1. Environmental Requirements.** All applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items of any governmental agency, department, commission, board, bureau, or instrumentality of the United States of America, California, or its political or municipal subdivisions, and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human life or the environment.

**2. Hazardous Materials.** All flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances or related materials, petroleum products, and any substances declared to be hazardous or toxic under any present or future Environmental Requirements or which requires investigation or remediation under any present or future federal, state, or local law, statute, regulation, environmental requirement, order, or rule.



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

April 20, 2016

**SUBJECT: Lease with the County of Kern for Modular Office Buildings used by Human Resources.**

**Required Action: Approve**

Human Resources and Employee Health offices are currently located in a set of combined Modular Buildings, totaling approximately 3,500 square feet, near the Mary K. Shell Mental Health Building. This item would approve a lease for those modular buildings. The term of the lease is 7 years with an average yearly rate of \$ 1.03 per square foot per month. The lease has a 180-day out clause, whereby either party may terminate the lease without cause.

**AGREEMENT FOR LEASE  
OF OFFICE TRAILERS AT THE  
MOUNT VERNON MEDICAL COMPLEX, BAKERSFIELD**

(County of Kern – Kern County Hospital Authority)

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**AGREEMENT FOR LEASE  
OF OFFICE TRAILERS AT THE  
MOUNT VERNON MEDICAL COMPLEX, BAKERSFIELD**

(County of Kern – Kern County Hospital Authority)

**THIS AGREEMENT (“Agreement”)** is executed at Bakersfield, California, on \_\_\_\_\_, 2016 (“**Execution Date**”) by and between the **COUNTY OF KERN**, a political subdivision of the State of California (“**County**”), and the **KERN COUNTY HOSPITAL AUTHORITY**, a county hospital authority, which owns and operates Kern Medical Center (“**Lessee**”). County and Lessee are referred to individually as a “**Party**” and collectively as the “**Parties.**”

**RECITALS:**

**A.** County owns real property and a modular office trailers (“**Trailers**”) at the Mount Vernon Medical Complex near the Mary K. Shell Mental Health Center located off of Mount Vernon Avenue and College Avenue in Bakersfield, County of Kern, State of California.

**B.** Lessee requires the office space within the Trailers to support its operations nearby at Kern Medical.

**C.** Pursuant to Government Code Section 25537, County may make contracts leasing County property devoted to serve a public purpose.

**D.** County is willing to lease the Trailers for office use by Lessee pursuant to the terms and conditions of this Agreement.

**AGREEMENT:**

**1. Premises:** For and in consideration of the terms, covenants, and conditions contained in this Agreement, County leases to Lessee, and Lessee leases from County, approximately 3,500 square feet of office space in the modular trailers located near the Mary K. Shell Mental Health Center and within the Mount Vernon Medical Complex, which is off of Mount Vernon Avenue and College Avenue, Bakersfield, County of Kern, State of California, and depicted on the aerial map attached as **Exhibit “A” (“Premises”)**.

**2. Term:**

**a. Initial Term** – The initial term of this Agreement shall commence on the transfer of Kern Medical Center to the Kern County Hospital Authority, which is scheduled to occur on or about July 1, 2016 (“**Commencement Date**”) and terminate December 31, 2016, unless sooner terminated as provided in this Agreement (“**Term**”).

**b. Extension of Term to Remove Hazardous Materials** – If any Hazardous Materials are found on the Premises, County may, at its sole discretion, require Lessee to remain in possession of the Premises beyond the expiration of the Term until the County determines that the Hazardous Materials are no longer present. “**Hazardous Materials,**” as used in this Agreement, shall be defined as stated in **Exhibit “B.”**

3. **Right to Terminate:** Either Party may terminate this Agreement by providing a 90-day prior written notice to the other Party.

4. **Hold Over:** If Lessee holds over after the expiration of the Term, with the express or implied consent of County, such holding over shall be a tenancy only from month to month and shall be governed by the terms, covenants, and conditions contained in this Agreement.

5. **Rent:**

a. **Initial Term** – As consideration for the lease of the Premises during the initial Term, Lessee shall pay to County in lawful money of the United States without deduction or offset, to the ACAO, General Services Division, 1115 Truxtun Avenue, 3<sup>rd</sup> Floor, Bakersfield, CA, or to such persons and at such places as may be designated from time to time by County. The monthly rent shall be \$1.00 per square foot or \$3,500 per month (“**Rent**”). Rent shall be paid within 30 days of the Commencement Date, and thereafter for the balance of the Term, shall be paid on or before the first day of each month. Each monthly rent payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month. In the event Lessee occupies the Premises for a partial month at any time, Lessee shall only be responsible for a prorated portion of the monthly rent.

b. **Hold Over Term** – Should there be a hold over period, the amount of monthly rent shall be determined by County at the commencement of the hold over period.

c. **Late Pay** – If money payable to County as a condition of this Agreement is not paid in full when due, County shall issue a 30-day written notice to cure. If payment by Lessee is not made within 60 days of its due date, County may consider this failure to pay a material breach of this Agreement and may immediately terminate the Agreement consistent with **Section 21.a.**

6. **Purpose:**

a. **In General** – This Agreement is made for the purpose of allowing Lessee to use the Premises as general office space. Lessee shall not use or permit the Premises to be used for any other purpose without the prior written consent of the ACAO, which may be granted or withheld at the ACAO’s sole discretion.

b. **No Nuisance** – Lessee shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of County or any others, or injure or annoy County or others. Lessee shall not cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose. Within 72 hours of receiving written notice from County that a nuisance exists, Lessee shall abate or otherwise cause the nuisance to be abated. If Lessee has not taken corrective action within 72 hours, then County may enter and abate the nuisance at the sole cost of Lessee without any liability whatsoever to County. Lessee shall not allow any offensive matter, refuse, or substance constituting an unnecessary, unreasonable, or unlawful fire hazard, or material detrimental to the public health, to remain on the Premises or within a distance of 50 feet thereof, and shall prevent any accumulation thereof from occurring.

7. **Condition of Premises:** Lessee occupied the Premises prior to the Execution Date and knows the extent and condition thereof and accepts same in its present condition, subject to and including all defects, latent, and/or patent. Lessee acknowledges that the Premises has not undergone inspection by a Certified Access Specialist, and Lessee accepts the Premises in its present condition.

8. **Alterations:** Lessee shall make no modifications, improvements or additions to the Premises without the prior written consent of the ACAO, which may be granted or withheld at the ACAO's sole discretion.

9. **Repair and Maintenance:**

a. **In General** – Lessee shall repair and maintain the Premises in a clean, sanitary and safe condition and in compliance with the terms, covenant and conditions of this Agreement and all applicable federal, state, and local laws, including, without limitation, statutes, ordinances, rules, and regulations (“**Applicable Laws**”).

b. **Failure by Lessee to Repair and Maintain** – Repair and maintenance shall be to the sole satisfaction of County, and if Lessee fails to fulfill any duty imposed under this **Section 9** within a reasonable period of time, County may, but is not required to, perform those duties at Lessee's sole cost. Lessee shall promptly cooperate with County if County undertakes to perform any such duties. No action by County taken pursuant to **Section 9.b** shall constitute a waiver of any of Lessee's obligations under **Section 9**. Lessee's obligations under **Section 9** shall survive the expiration or termination of this Agreement.

c. **Janitorial** – Lessee shall be responsible for janitorial services.

10. **Utilities and Services; Modification of Utilities:** Lessee shall pay, during the Term, and during any extension or holdover, for all utilities used by Lessee in connection with its operations on the Premises. Lessee shall not modify any utilities on the Premises without the prior written consent of the ACAO, which may be granted or withheld at the ACAO's sole discretion.

11. **Taxes and Assessments:** Lessee shall pay all taxes, fees, charges, and assessments levied by any governmental agency upon any interest acquired by Lessee under this Agreement. Lessee is aware that certain possessory interests may be created by entering into this Agreement and that such interests will be subject to the payment of property taxes levied on such interest.

12. **Lessee's Furniture, Fixtures and Equipment:**

a. **In General** – Lessee may install its own FF&E in the interior of the Premises, at its sole cost. In addition to Lessee's obligations under **Section 29**, at the expiration or termination of this Agreement, Lessee shall remove its FF&E, and repair any damage to the Premises or Complex as a result of removal, at Lessee's sole cost.

b. **Abandonment of FF&E** – Any FF&E belonging to Lessee and left on the Premises shall be kept for a reasonable time by County, but in no event longer than 30 days after County gives Lessee written notice to remove such property from the Premises. After the 30-day period, if not removed, the FF&E may be treated by County as abandoned and declared to be County-owned property, and County may, at Lessee's sole cost, repair any damage to the Premises as a result of removal. The costs charged to Lessee may include, without limitation, consideration for the additional time Lessee or its FF&E occupied the Premises beyond the deadlines and disallowed County's full utilization of the Premises as the owner of the property.

c. **FF&E as Security** – If, at the time of expiration or termination of this Agreement, Lessee is in default of any of the terms, covenants, or conditions of this Agreement, including the payment of rent or any other sums due under this Agreement, Lessee shall not remove from the Premises any of its FF&E, and such personal property shall remain in the Premises as security for the cure of such default, until such time as such default is fully cured by Lessee and any costs incurred by County, including attorneys' fees, are paid in full by Lessee to County.

**13. Signs:** Lessee, at its sole cost, shall have the right to affix and install on the Premises, reasonable signs to identify the Premises, and such signs shall comply with all Applicable Laws, including those of County, and any installation of new or altered signage shall be approved in writing by the ACAO prior to installation. Any damage to the Premises occasioned by the installation and maintenance of any such sign, and the cost of removal or obliteration thereof upon the expiration or termination of this Agreement, shall be paid by Lessee.

**14. Damage and Destruction:** If the Premises are damaged or destroyed by fire or casualty, not the fault of Lessee or any person in or about the Premises with the express or implied consent of the Lessee, the damaged Premises shall be repaired by Lessee at its sole cost, with the use of available insurance proceeds required under **Section 19.c** or Lessee may, at its option, terminate this Agreement and assign the available insurance proceeds to County. In the event that Lessee elects to repair the damaged Premises, this Agreement shall continue in full force and effect except that certain obligations of Lessee may be subject to Force Majeure as provided in **Section 26**. The provisions of California Civil Code sections 1932(2) and 1933(4) shall not apply to this Agreement, and Lessee hereby waives the benefits thereof.

**15. Condemnation:** If all or any part of the Premises is taken as a result of the exercise of the power of eminent domain, this Agreement shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Party shall have the right to terminate this Agreement as to the balance of the Premises by notice to the other Party within 30 days after such date. However, a condition to the exercise by Lessee of such right to terminate shall be that the portion of the Premises taken shall be of such extent and nature, in Lessee's reasonable judgment, as substantially to handicap, impede, or impair Lessee's use of the balance of the Premises. In the event of any taking, the proceeds shall belong to County.

**16. Right of Inspection:** County shall have the right to enter upon the Premises at all reasonable times to inspect the Premises and Lessee's operations thereon. County reserves all rights in and with respect to the Premises, not inconsistent with Lessee's use of the Premises as provided in **Section 6** including without limitation the right of County to enter upon the Premises for the purpose of installing, using, maintaining, renewing, and replacing such underground oil, gas, water, sewer, and other pipelines, and such underground or aboveground telephone, telegraph, and electric power conduits or lines as County may deem desirable in connection with the development or use of the Premises. County shall compensate Lessee for damage to Lessee's FF&E caused by the exercise of the rights reserved in this **Section 16**.

**17. Hazardous Materials:**

**a. No Hazardous Materials** – Lessee shall not permit any Hazardous Materials to be stored or brought onto the Premises without the prior written consent of the ACAO, which may be granted or withheld in the ACAO's sole discretion. If Lessee spills any Hazardous Materials anywhere on the Premises, or other County-owned property, Lessee shall cleanup said spill, at its sole cost, and to the sole satisfaction of County. "**Hazardous Materials,**" as used in this Agreement, shall be defined as stated in **Exhibit "B."**

**b. Clean Up of Hazardous Materials** – If any governmental authority or court, which has jurisdiction, demands that a cleanup plan be prepared and/or that a cleanup be undertaken because of any deposit, spill, discharge, or other release of any Hazardous Materials at, on, or from the Premises at any time during Lessee's occupancy of the Premises,

or which arises at any time as a result of any uses or occupancy of the Premises by Lessee, then Lessee shall, at its sole cost, prepare and submit the required plans and all related bonds and other financial assurances and carry out all such cleanup plans in a timely manner.

**c. Failure by Lessee to Clean Up** – Lessee shall promptly provide all information regarding the use, generation, storage, transportation, or disposal of Hazardous Materials that is requested by County. If Lessee fails to fulfill any duty imposed under this **Section 17.c** within a reasonable period of time, County may, but is not required to, perform those duties at Lessee’s sole cost. Lessee shall promptly cooperate with County if County undertakes to perform any such duties. No action by County taken pursuant to this **Section 17.c** shall constitute a waiver of Lessee’s obligations under this **Section 17**. Lessee obligations under this **Section 17** shall survive the expiration or termination of this Agreement.

**d. Receipt of Notice of Violation** – If Lessee becomes aware of or receives notice or other communications concerning any actual, alleged, suspected, or threatened violation of any Environmental Requirements, or liability of Lessee in connection with the Premises or past or present activities of any person thereon, then Lessee shall deliver to County within 10 days of receipt of such notice or communication by Lessee, a written description of said violation, liability, correcting information, or actual or threatened event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not create any obligation on the part of County to defend or otherwise respond to any such notification. “**Environmental Requirements**,” as used in this Agreement, shall be defined as stated in **Exhibit “B.”**

**18. Indemnification:**

**a. Mutual** – Each Party agrees to defend, hold harmless, and indemnify the other Party (and the other Party’s officers, employees, trustees, agents, successors, assigns, and invitees, collectively referred to as the “**Indemnified Parties**”) against all claims, suits, expenses (including staff time, reasonable attorney’s fees, and fees of County Counsel), losses, penalties, fines, costs, and liability whether in contract, tort, or strict liability (including but not limited to personal injury, death at any time, and property damage) arising out of or made necessary by **i**) the indemnifying Party’s breach of the terms of this Agreement; **ii**) the negligent or willful acts or omissions of the indemnifying Party and its Indemnified Parties in connection with performance of this Agreement; and **iii**) the presence of the indemnifying Party and its Indemnified Parties on the other Party’s premises. In the event that any action or proceeding is brought against a Party by reason of any claim or demand discussed in this **Section 18**, upon reasonable notice from the other Party, the indemnifying Party shall defend the action or proceeding at the other Party’s expense through counsel reasonably satisfactory to the other Party. The obligations to indemnify set forth in this **Section 18** shall include reasonable attorney’s fees, investigation costs, and all other reasonable costs, expenses, and liabilities from the first notice that any claim or demand is to be made. The indemnifying Party’s obligations under this **Section 18** shall apply regardless of whether the other Party or its Indemnified Parties are actively or passively negligent, but shall not apply to any loss, liability, fine, penalty, forfeiture, cost, or damage determined by an arbitrator or court of competent jurisdiction to be caused solely by the negligence or willful misconduct of the other Party and its Indemnified Parties.

**b. Environmental** – In addition, Lessee shall indemnify and defend, upon request of County, County and the Indemnified Parties against any and all Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials at any time during Lessee’s occupancy of the Premises, or which arises at any time as a result

of any uses at, on, or from the occupancy of the Premises by Lessee, or as a result of Lessee's failure to provide any or all information, make any or all of its submissions, and take any or all steps required by any governmental authority or court which has jurisdiction or by any Environmental Requirements. "Environmental Requirements" and "Hazardous Materials," as used in this Agreement, shall have the meaning provided in Exhibit "B."

c. **Survival of Indemnification Obligations** – Lessee's obligations under **Section 18** shall survive the expiration or termination of this Agreement.

**19. Lessee Maintenance of Insurance:** Lessee shall secure and maintain insurance as described below. Lessee shall not perform any work under this Agreement until Lessee has obtained all insurance required under this **Section 19** and the required certificates of insurance, and all required endorsements have been filed with the County's authorized insurance representative. Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of these insurance requirements. The required documents must be signed by the authorized representative of the insurance company shown on the certificate. Upon request by County, Lessee shall supply proof that such person is an authorized representative thereof, and is authorized to bind the named underwriter and company to the coverage, limits, and termination provisions shown thereon. Lessee shall promptly deliver a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the Term or as otherwise specified herein. Such certificates and endorsements shall be delivered to the County's authorized insurance representative prior to the expiration date of any policy and bear a notation evidencing payment of the premium thereof if so requested. Lessee shall immediately pay any deductibles and self-insured retentions under all required insurance policies upon the submission of any claim by Lessee or County as an additional insured.

a. **Workers' Compensation and Employer's Liability Insurance Requirements** –

1) **Workers' Compensation Insurance - Lessee Employees.** If Lessee has employees who may perform any services pursuant to this Agreement, Lessee shall submit written proof that Lessee is insured against liability for workers' compensation in accordance with the provisions of California Labor Code section 3700.

2) **Workers' Compensation Insurance - Lessee Subcontractors.** Lessee shall require any subcontractors to provide workers' compensation for all of the subcontractors' employees, unless the subcontractors' employees are covered by the insurance afforded by Lessee. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Lessee shall provide and/or require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered.

3) **Employer's Liability Insurance.** Lessee shall also maintain employer's liability insurance with limits of \$1,000,000 for bodily injury or disease.

b. **Liability Insurance Requirements** –

1) **In General** – Lessee shall maintain in full force and effect, at all times during the Term, the following insurance:

(a) **Commercial General Liability Insurance,** including without limitation Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement with the County), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Lessee's performance of work under this Agreement. The Commercial General

Liability insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Lessee shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

**(b) Automobile Liability Insurance**, against claims of Personal Injury (including bodily injury and death) and Property Damage covering any vehicle and/or all owned, leased, hired, and non-owned vehicles used in the performance of services pursuant to this Agreement with coverage equal to the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

**2) Additional Insureds** – The Commercial General Liability and Automobile liability Insurance required in **Section 19.b** shall include an endorsement naming the County and the Indemnified Parties as additional insureds for liability arising out of this Agreement and any operations related thereto. Said endorsement shall be provided using one of the following three options: **(i)** on ISO form CG 20 10 11 85; or **(ii)** on ISO form CG 20 37 10 01 plus either ISO form CG 20 10 10 01 or CG 20 33 10 01; or **(iii)** on such other forms which provide coverage at least equal to or better than form CG 20 10 11 85.

**3) Self-Insurance Retention** – Any self-insured retentions in excess of \$100,000 must be declared on the Certificate of Insurance or other documentation provided to County and must be approved by the County Risk Manager, which may be granted or withheld at the County Risk Manager’s sole discretion.

**4) Claims-Made** – If any of the insurance coverages required under this Agreement is written on a claims-made basis, Lessee, at Lessee’s option, shall either **(i)** maintain said coverage for at least three years following the termination of this Agreement with coverage extending back to the Execution Date; **(ii)** purchase an extended reporting period of not less than three years following the termination of this Agreement; or **(iii)** acquire a full prior acts provision on any renewal or replacement policy.

**c. Fire and Casualty Insurance** – Lessee shall, at its sole cost, maintain on the Premises a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least 100% of full replacement value. The insurance policy shall be issued in the names of County, Lessee, and any lender, as their interests appear. The insurance policy shall provide that any proceeds shall be made payable to Lessee, and Lessee shall apply and use such proceeds as required by **Section 14** subject to the priority rights of any lender. Such insurance shall satisfy the requirements of **Section 19.d**, and shall be issued by a company or companies satisfying the requirements of **Section 19.e**. On or before the Commencement Date, Lessee shall deliver to County certificates of insurance indicating that Lessee has complied with the provisions of this **Section 19.c**.

**d. Cancellation of Insurance** – The above-stated insurance coverages required to be maintained by Lessee shall be maintained until the completion of all of Lessee’s obligations under this Agreement. Each insurance policy supplied by Lessee must be endorsed to provide that the coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits

except after 10 days written notice in the case of non-payment of premiums, or 30 days written notice in all other cases. This notice requirement does not waive the insurance requirements stated herein. Lessee shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

e. **Insurance Company Rating** – All insurance shall be issued by a company or companies admitted to do business in California and listed in the current “Best’s Key Rating Guide” publication with a minimum rating of A-; VII. Any exception to these requirements must be approved in writing by the County Risk Manager, which may be granted or withheld at the County Risk Manager’s sole discretion.

f. **Lessee Self-Insured** – If Lessee is, or becomes during the term of this Agreement, self-insured or a member of a self-insurance pool, Lessee shall provide coverage equivalent to the insurance coverages and endorsements required above. County will not accept such coverage unless the County Risk Manager determines, in his/her sole discretion and by written acceptance, that the coverage proposed to be provided by Lessee is equivalent to the above-required coverages.

g. **Primary Insurance** – All insurance afforded by Lessee pursuant to this Agreement shall be primary to and not contributing to all insurance or self-insurance maintained by County. An endorsement shall be provided on all policies, except professional liability/errors and omissions, which shall waive any right of recovery (waiver of subrogation) against County.

h. **No Limitations by Policy Limits** – Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Lessee for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage, or to preclude County from taking such other actions as are available to it under any other provision of this Agreement or otherwise under Applicable Laws.

i. **Failure to Maintain Insurance** – Failure by Lessee to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by Lessee. County, at its sole option, may terminate this Agreement and obtain damages from Lessee resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Lessee, County shall deduct from sums due to Lessee any premiums and associated costs advanced or paid by County for such insurance. If the balance of monies obligated to Lessee pursuant to this Agreement is insufficient to reimburse County for the premiums and any associated costs, Lessee shall reimburse County for the premiums and pay for all costs associated with the purchase of said insurance within 10 days of demand by County. Any failure by County to take this alternative action shall not relieve Lessee of its obligation to obtain and maintain the insurance coverages required by this Agreement.

20. **Liens and Encumbrances:** Lessee shall keep the Premises free from any liens and encumbrances arising out of any work performed, material furnished, or obligations incurred by Lessee, or from any other cause. If any liens or encumbrances are recorded against the Premises, and Lessee fails to remove the lien or encumbrance or post a bond to remove same within 15 days after its filing, County shall give a 15-day notice to Lessee, requiring Lessee to remove or bond around the lien or encumbrance within the 15-day period. If Lessee fails to do so within the 15-day period, County, at its sole discretion after expiration of the 15-day period, may obtain a bond, with all costs of the bond to be reimbursed by Lessee to County.

**21. Breach by Lessee:** In the event of the breach by Lessee of any term, covenant, or condition, Lessee shall have 30 days after written notice has been given to Lessee by County to cure, except for breach of the nuisance provisions of **Section 6.b**, which allows 72 hours to cure. If Lessee fails to cure within the stated time periods, County may exercise its remedies under **Section 22**.

**a. Immediate Termination** – Notwithstanding the foregoing, County shall have the right to terminate this Agreement effective immediately pursuant to **Section 5.c** above. Once the Agreement is terminated, Lessee shall have 120 days to vacate the Premises.

**22. Remedies of County:** In the event of a breach by Lessee, County shall have the right either to terminate Lessee's right to possession of the Premises, by giving written notice of termination to Lessee, and thereby terminating this Agreement, or to have this Agreement continue in full force and effect with Lessee at all times having the right to possession of the Premises.

**a. Agreement and Possession Continue** – If County elects to have this Agreement continue in full force and effect, Lessee shall remain liable to perform all of its obligations under this Agreement and County may enforce all of County's rights and remedies. If Lessee abandons the Premises or fails to maintain and protect the same as herein provided, County shall have the right **(i)** to do all things necessary or appropriate to maintain, preserve, and protect the Premises, including without limitation the installation of keepers or guards or the appointment of a receiver, and **(ii)** to relet the Premises as the agent of Lessee and for Lessee's account and to do all things appropriate for such reletting. In the event of such reletting, rent received by County shall be credited to Lessee's account. None of the foregoing acts shall be deemed to terminate Lessee's right of possession, and Lessee shall reimburse County on demand for all amounts reasonably expended by County in connection with the foregoing acts, together with interest on all amounts expended by County from time to time at the maximum legal rate from the date due until paid. Notwithstanding any such election to have this Agreement remain in full force and effect, County may at any time thereafter elect to terminate Lessee's right to possession of the Premises and thereby terminate this Agreement for any previous breach by Lessee which remains uncured or for any subsequent breach.

**b. Agreement and Possession Terminate** – If County gives notice of election to terminate Lessee's possession of the Premises, County shall be entitled to recover from Lessee the amounts specified in paragraph (a)(4) of section 1951.2 of the California Civil Code, as such section reads as of the Execution Date.

**c. Remedies Not Exclusive** – No right or remedy herein conferred upon or reserved to County is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

**d. County Right to Cure** – In addition to County's remedies upon Lessee's breach, upon 10 days prior written notice to Lessee by County, County may cure any breach by Lessee and, if necessary, may enter upon the Premises for such purpose. In such event, the cost of cure, plus interest at the maximum legal rate from the date due until paid, shall become immediately due and payable.

**23. Breach by County:** In the event of the breach by County of any term, covenant, or condition, County shall have 30 days after written notice has been given to County by Lessee to cure. If County fails to cure within the stated time periods, Lessee may exercise its remedies under **Section 24**.

**24. Remedies of Lessee:** In the event of a breach by County, and if such breach is not cured within 30 days of County's receipt of Lessor's written notice of such breach, Lessee shall have the right to either withhold payment without penalty until the breach is cured or terminate this Agreement by giving written notice of termination to County as to the date the County was notified of the breach, vacate the premises within 90 days, and Lessee will be released from any further financial obligation to the County.

**a. Agreement and Possession Continue** – If Lessee elects to have this Agreement continue in full force and effect, County shall remain liable to perform all of its obligations under this Agreement and Lessee may enforce all of Lessee's rights and remedies.

**b. Immediate Termination** – Notwithstanding the foregoing, Lessee shall have the right to terminate this Agreement effective immediately pursuant to **Section 25** above. Once the Agreement is terminated, Lessee shall have 120 days to vacate the premises and Lessee will be released from any further financial obligation to County.

**c. Remedies Not Exclusive** – No right or remedy herein conferred upon or reserved to Lessee is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

**25. No Waiver of Breach:** The waiver by County of any term, covenant, or condition contained in this Agreement must be in writing and shall not be deemed to be a waiver of any subsequent breach of the term, covenant or condition contained in this Agreement, and no custom or practice that may arise between the Parties during the course of this Agreement shall be construed to waive or lessen the right of County to the performance by Lessee in strict accordance with the terms of this Agreement.

**26. Force Majeure:**

**a. Definition** – Neither Party shall be held responsible or be deemed to be in default under this Agreement for any delay in performance or failure to perform any of its obligations, if such delay or failure is the result of causes beyond the control and without negligence of the Party. Such causes include, without limitation, acts of nature, strikes, lockouts, riots, insurrections, civil disturbances or uprisings, sabotage, embargoes, blockages, acts of war or terrorism, acts or failure to act by any governmental or regulatory body (whether civil or military, domestic or foreign), governmental regulations superimposed after the fact, communication line failures, power failures, fires, explosions, floods, accidents, epidemics, earthquakes, tsunamis, or other natural or man-made disasters (“**Force Majeure**”). Lack of funds shall not be a Force Majeure event.

**b. Consequences** – The Party affected by a Force Majeure event, upon giving prompt notice to the other Party, shall be excused from performance to the extent of such prevention, restriction, or interference, on a day-to-day basis until the Force Majeure event is removed, and the other Party shall likewise be excused from performance of its obligation which relate to the performance so prevented, restricted, or interfered with. The affected Party shall use its best efforts to avoid or remove the causes of nonperformance and to minimize the consequences thereof, and both Parties shall resume performance when the Force Majeure event is removed.

**27. Quiet Possession:** Lessee, in keeping and performing the terms, covenants and conditions herein contained on the part of Lessee to be kept and performed, shall at all times during the Term peaceably and quietly have, hold, and enjoy the Premises.

**28. Assignment and Subletting:**

**a. No Assignment or Subletting** – Lessee shall not sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or any of its rights and interests hereunder, including its leasehold rights and interests granted by this Agreement, without the prior written consent of the ACAO.

**b. Referral to Board of Supervisors** – However, the ACAO may, at his/her discretion, refer Lessee’s request to (i) sublease, (ii) assign, (iii) transfer, (iv) mortgage, or (v) otherwise convey this Agreement or Lessee’s ground leasehold rights and interests, to County’s Board of Supervisors (“**Board**”) for Board consideration.

**c. Failure to Obtain Consent** – If Lessee shall sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or its rights and interests hereunder, or attempt to do so in violation of the foregoing provision, then in addition to any and all other rights and remedies available to it, County may, at its option by written notice to Lessee, either declare such sublease, assignment, transfer, mortgage, or other conveyance void or terminate this Agreement and all rights and interests of Lessee and all other persons hereunder.

**d. No Waiver or Limitation on Consent** – Any consent to any sublease, assignment, transfer, mortgage, or conveyance shall not be deemed or construed as consent to any different or subsequent sublease, assignment, transfer, mortgage, or conveyance. This clause shall not be construed to limit any right or remedy which County may become entitled to as a matter of law or become entitled to by reason of Lessee’s actions or failures to act.

**e. Lessee in Compliance** – As a condition of County’s consent to any conveyance of this Agreement, Lessee must be in compliance with all terms, covenants, and conditions of this Agreement, including without limitation the payment of all monies due to County.

**29. Surrender of Premises:** On the last day of the Term, or sooner termination of this Agreement, Lessee shall peaceably and quietly leave, surrender, and yield up to County the Premises in as good a condition and state of repair as it existed on the Commencement Date, subject to damage by Force Majeure, and shall comply with **Section 12** relating to its FF&E. By the expiration or termination date, Lessee shall have paid all utility bills and contacted the appropriate utility companies to have the utility services properly discontinued or transferred.

**30. Notices:** All notices herein provided to be given, or which may be given, by either Party to the other shall be deemed to have been fully given when made in writing and deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, and addressed as follows:

To Lessee: Kern Medical  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

To County: County of Kern  
Property Management  
1115 Truxtun Avenue, 3<sup>rd</sup> Floor  
Bakersfield, CA 93301

The address to which the notices shall be mailed to either Party may be changed by written notice given by such Party to the other, but nothing shall preclude the giving of any such notice by personal service.

**31. Authorized Agent of County:** The ACAO is the duly authorized agent of County for purposes of this Agreement, and as to any obligations assumed by Lessee, they shall be performed to the sole satisfaction of the ACAO, unless another standard is specified in this Agreement.

**32. Miscellaneous Provisions:**

**a. Negation of Partnership** – County shall not become or be deemed a partner or joint venturer with Lessee or associate in any relationship with Lessee other than that of landlord and tenant by reason of the provisions of this Agreement. Lessee shall not for any purpose be considered an agent, officer, or employee of County.

**b. Conflict of Interest** – The Parties have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All Parties agree that they are unaware of any financial or economic interest of any public officer or employee of County relating to this Agreement. It is further understood and agreed that if such a financial interest does exist as of the Execution Date, County may immediately terminate this Agreement by giving written notice to Lessee. The Parties shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.

**c. Nondiscrimination** –

**1)** Lessee, in the use of the Premises and in the operations to be conducted under this Agreement, shall not discriminate or permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, sex, or national origin in any manner prohibited by federal, state, or local laws or policies.

**2)** Lessee shall furnish its accommodations and services on a fair, equal, and nondiscriminatory basis to all Users, and Lessee shall charge only fair, reasonable, and nondiscriminatory prices for its services. However, Lessee may make reasonable and nondiscriminatory rebates, discounts, or other similar price reductions to volume service Users to the extent permitted by Applicable Laws.

**3)** Lessee shall make its accommodations and services available to the public on fair and reasonable terms without discrimination on the basis of race, color, creed, religion, ancestry, sex, or national origin.

**4)** Lessee shall not discriminate nor allow discrimination, either directly or indirectly, in hiring or employing persons to work at the Premises.

**5)** Lessee shall include the language in **subsections (1) through (4)** in any agreement by which Lessee assigns or transfers any interest in the Premises or this Agreement, or grants a right or privilege to any person, firm, or corporation to use the Premises or to render accommodations and services to the public on the Premises.

**6)** Non-compliance with **subsections (1) through (4)** shall constitute a material breach of this Agreement, and in addition to any other remedies provided by Applicable Laws or this Agreement, County shall have the right to terminate this Agreement without liability therefore, may seek an injunction to enforce **subsections (1) through (4)**, and may charge Lessee the sum of \$25.00 per day for each incident of a failure to comply.

**d. Incorporation of Prior Agreements** – This Agreement contains all agreements of the Parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective.

**e. Remedies not Exclusive** – The use by either Party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive such Party of, or limit the application of, any other remedy provided by law, at equity, or otherwise.

**f. Severability** – If any part, term, portion, or provision of this Agreement is 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.

**g. Governing Law; Venue** – The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. If either Lessee or County initiates an action to enforce the terms of this Agreement or declare rights hereunder, including actions on any bonds and/or surety agreements, the venue thereof shall be the County of Kern, State of California, it being understood that this Agreement is entered into, and will be performed, within the County of Kern.

**h. Compliance with Laws** – Lessee shall, at its sole cost, promptly comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to the use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises.

**i. Successors** – Subject to **Section 28**, all terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

**j. No Third Party Beneficiaries** – This Agreement is made for the sole benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns, and no other persons shall have any right of action hereon.

**k. Covenants and Conditions** – Each provision of this Agreement performable by Lessee shall be deemed both a covenant and a condition.

**l. Modification** – This Agreement may be modified or amended only by a written document signed by both Parties.

**m. Authorization** – Each individual executing this Agreement on behalf of either Party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of that Party, and that this Agreement is binding upon both Parties in accordance with its terms.

**n. Construction** – The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

**o. Recitals** – Each of the recitals is incorporated in this Agreement by reference as if fully set forth in this Agreement at length, is deemed to be the agreement and a reflection of the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

**p. Captions** – Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement.

**q. Exhibits** – All exhibits attached to this Agreement are incorporated into this Agreement by reference.

r. **Time of Essence** – Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Agreement.

*The remainder of this page has been intentionally left blank.*

The Parties have executed this Agreement on the Execution Date.

**COUNTY OF KERN**

**KERN COUNTY HOSPITAL AUTHORITY**

By \_\_\_\_\_  
Assistant County Administrative  
Officer for General Services  
"County"

By \_\_\_\_\_  
Chairman, Board of Governors  
"Lessee"

**APPROVED AS TO CONTENT:**  
County Administrative Office

**APPROVE AS TO CONTENT:**  
Kern County Hospital Authority

By \_\_\_\_\_  
General Services - Division Director

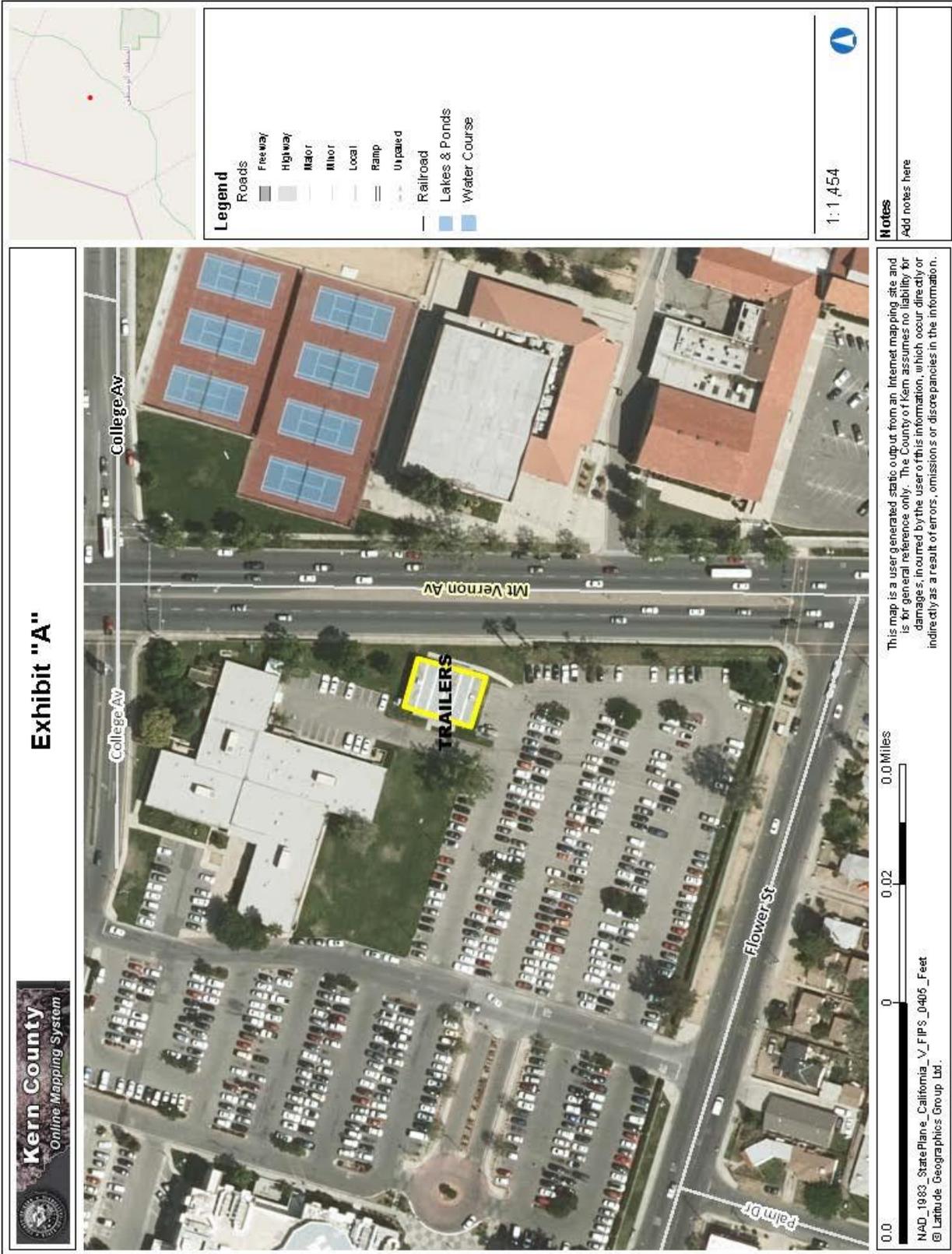
By \_\_\_\_\_  
Chief Operating Officer

**APPROVED AS TO FORM:**  
Office of County Counsel

**APPROVED AS TO FORM:**  
Office of County Counsel

By \_\_\_\_\_  
Chief Deputy

By \_\_\_\_\_  
Deputy



**Definition of Environmental Terms**

For the purpose of this Agreement, the following terms and words shall have the meaning given below:

**1. Environmental Requirements.** All applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items of any governmental agency, department, commission, board, bureau, or instrumentality of the United States of America, California, or its political or municipal subdivisions, and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human life or the environment.

**2. Hazardous Materials.** All flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances or related materials, petroleum products, and any substances declared to be hazardous or toxic under any present or future Environmental Requirements or which requires investigation or remediation under any present or future federal, state, or local law, statute, regulation, environmental requirement, order, or rule.



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

April 20, 2016

**SUBJECT: Lease with the County of Kern for Warehouse Space**

**Required Action: Approve**

The Sheriff's warehouse is located immediately adjacent to the northern boundary of the Hospital Authority premise near materials management. This item would approve a lease for a portion of that warehouse, totaling approximately 1,200 square feet. The term of the lease is 7 years with an average yearly rate of \$ .52 per square foot per month. The lease has a 180-day out clause, whereby either party may terminate the lease without cause.

**AGREEMENT FOR LEASE  
OF A PORTION OF THE MULTI-USE WAREHOUSE AT THE  
MOUNT VERNON MEDICAL COMPLEX, BAKERSFIELD**

(County of Kern – Kern County Hospital Authority)

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**AGREEMENT FOR LEASE  
OF A PORTION OF THE MULTI-USE WAREHOUSE AT THE  
MOUNT VERNON MEDICAL COMPLEX, BAKERSFIELD**

(County of Kern – Kern County Hospital Authority)

**THIS AGREEMENT (“Agreement”)** is executed at Bakersfield, California, on \_\_\_\_\_, 2016 (“**Execution Date**”) by and between the **COUNTY OF KERN**, a political subdivision of the State of California (“**County**”), and the **KERN COUNTY HOSPITAL AUTHORITY**, a county hospital authority, which owns and operates Kern Medical Center (“**Lessee**”). County and Lessee are referred to individually as a “**Party**” and collectively as the “**Parties.**”

**RECITALS:**

**A.** County owns real property and a warehouse building referred to as the Coroner’s/Probation Warehouse (“**Building**”) located off of Mount Vernon Avenue and College Avenue in Bakersfield, County of Kern, State of California; and

**B.** Lessee requires storage space within a portion of the Building to support its operations at Kern Medical Center; and

**C.** Pursuant to Government Code Section 25537, County may make contracts leasing County property devoted to serve a public purpose; and

**D.** County is willing to lease a portion of the Building for storage use by Lessee pursuant to the terms and conditions of this Agreement.

**AGREEMENT:**

**1. Premises:** For and in consideration of the terms, covenants, and conditions contained in this Agreement, County leases to Lessee, and Lessee leases from County, an approximate 2,400-square foot portion of the Building, which is located off of Mount Vernon Avenue and College Avenue, Bakersfield, County of Kern, State of California, and is depicted on the site plan attached as **Exhibit “A” (“Premises”)**. Access to the Premises shall be from the west man door at the basement level near the chain link fence.

**2. Term:**

**a. Initial Term** – The initial term of this Agreement shall commence on the transfer of Kern Medical Center to the Kern County Hospital Authority scheduled to occur on or about July 1, 2016 (“**Commencement Date**”) and terminate seven years thereafter, unless sooner terminated as provided in this Agreement (“**Term**”).

**b. Extension of Term to Remove Hazardous Materials** – If Hazardous Materials are found on the Premises, County may, at its sole discretion, require Lessee to remain in possession of the Premises beyond the expiration of the Term until the County determines that the Hazardous Materials are no longer present. “**Hazardous Materials,**” as used in this Agreement, shall be defined as stated in **Exhibit “B.”**

3. **Option to Extend Term:** Provided Lessee is not in default of any of the terms, covenants, or conditions of this Agreement, Lessee shall have one option to extend the initial Term for a three-year period. Lessee may exercise the option by giving the Assistant County Administrative Officer for General Services (“**ACAO**”) written notice of Lessee’s desire to extend, not less than 60 days prior to expiration of the initial Term. The ACAO, at the ACAO’s sole discretion, may accept or reject the request to extend. If an option is exercised, “**Term**” shall include the option term. “**Term**” shall also include any hold over period.

4. **Right to Terminate:** Either Party may terminate this Agreement by providing a 180-day prior written notice to the other Party.

5. **Hold Over:** If Lessee holds over after the expiration of the Term, with the express or implied consent of County, such holding over shall be a tenancy only from month to month and shall be governed by the terms, covenants, and conditions contained in this Agreement.

6. **Rent:**

a. **Initial Term** – As consideration for the lease of the Premises during the initial Term, Lessee shall pay to County in lawful money of the United States without deduction or offset, to the ACAO, General Services Division, 1115 Truxtun Avenue, 3<sup>rd</sup> Floor, Bakersfield, CA, or to such persons and at such places as may be designated from time to time by County. The first monthly rent payment shall be paid within 30 days of the Commencement Date, and thereafter for the balance of the Term, on or before the first day of the month. Each monthly rent payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month. In the event Lessee occupies the Premises for a partial month at any time, Lessee shall only be responsible for a prorated portion of the monthly rent. The rental rates for the initial Term shall be as follows:

Year 1 = \$0.50 per square foot per month, discounted 20% to equal \$0.40  
Year 2 = \$0.52 per square foot per month, discounted 20% to equal \$0.41  
Year 3 = \$0.53 per square foot per month  
Year 4 = \$0.55 per square foot per month  
Year 5 = \$0.57 per square foot per month  
Year 6 = \$0.59 per square foot per month  
Year 7 = \$0.61 per square foot per month

b. **Option Term** – The amount of monthly rent for the 3-year option term shall be determined by County prior to the commencement of the option term, which shall be a discounted fair market rate, but in no event shall the rent for the option term be less than the rent paid during the initial term.

c. **Hold Over Term** – Should there be a hold over period, the amount of monthly rent shall be determined by County at the commencement of the hold over period.

d. **Operations Fee** – Authority shall be responsible for its prorata share (9.5%) of the monthly utility and operational charges for the Building (including but not limited to gas, water, electricity, sewer, trash and refuse, etc.). These charges may be billed by County at the conclusion of each month or quarterly.

e. **Late Pay** – If money payable to County as a condition of this Agreement is not paid in full when due, County shall issue a 30 day written notice to cure. If payment by Lessee

is not made within 60 days of its due date, County may consider this a failure to pay a material breach of the Agreement and may immediately terminate the Agreement consistent with **Section 22.a**.

**7. Purpose:**

**a. In General** – This Agreement is made for the purpose of allowing Lessee to use the Premises for storage purposes only. Lessee shall not use or permit the Premises to be used for any other purpose without the prior written consent of the ACAO, which may be granted or withheld at the ACAO’s sole discretion.

**b. No Nuisance** – Lessee shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of County or any others, or injure or annoy County or others. Lessee shall not cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose. Within 72 hours of receiving written notice from County that a nuisance exists, Lessee shall abate or otherwise cause the nuisance to be abated. If Lessee has not taken corrective action within 72 hours, then County may enter and abate the nuisance at the sole cost of Lessee without any liability whatsoever to County. Lessee shall not allow any offensive matter, refuse, or substance constituting an unnecessary, unreasonable, or unlawful fire hazard, or material detrimental to the public health, to remain on the Premises or within a distance of 50 feet thereof, and shall prevent any accumulation thereof from occurring.

**8. Condition of Premises:** Lessee occupied the Premises prior to the Execution Date and knows the extent and condition thereof and accepts same in its present condition, subject to and including all defects, latent, and/or patent. Lessee acknowledges that the Premises has not undergone inspection by a Certified Access Specialist, and Lessee accepts the Premises in its present condition.

**9. Alterations:** Lessee shall make no modifications, improvements or additions to the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld.

**10. Repair and Maintenance:** County shall repair and maintain the Premises in a clean, sanitary and safe condition and in compliance with the terms, covenant and conditions of this Agreement and all applicable federal, state, and local laws, including, without limitation, statutes, ordinances, rules, and regulations (“**Applicable Laws**”).

**11. Utilities and Services; Modification of Utilities:** County shall pay, during the Term, and during any extension or holdover, for all utilities used by Lessee in connection with its operations on the Premises. Lessee shall not modify any utilities on the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld.

**12. Taxes and Assessments:** Lessee shall pay all taxes, fees, charges, and assessments levied by any governmental agency upon any interest acquired by Lessee under this Agreement. Lessee is aware that certain possessory interests may be created by entering into this Agreement and that such interests will be subject to the payment of property taxes levied on such interest.

**13. Lessee’s Furniture, Fixtures and Equipment:**

**a. In General** – Lessee may install its own FF&E in the interior of the Premises, at its sole cost. In addition to Lessee’s obligations under **Section 28**, at the expiration or termination

of this Agreement, Lessee shall remove its FF&E, and repair any damage to the Premises or Building as a result of removal, at Lessee's sole cost.

**b. Abandonment of FF&E** – Any FF&E belonging to Lessee and left on the Premises shall be kept for a reasonable time by County, but in no event longer than 30 days after County gives Lessee written notice to remove such property from the Premises. After the 30-day period, if not removed, the FF&E may be treated by County as abandoned and declared to be County-owned property, and County may, at Lessee's sole cost, repair any damage to the Premises as a result of removal. The costs charged to Lessee may include, without limitation, consideration for the additional time Lessee or its FF&E occupied the Premises beyond the deadlines and disallowed County's full utilization of the Premises as the owner of the property.

**c. FF&E as Security** – If, at the time of expiration or termination of this Agreement, Lessee is in default of any of the terms, covenants, or conditions of this Agreement, including the payment of rent or any other sums due under this Agreement, Lessee shall not remove from the Premises any of its FF&E (not including leased FF&E), and such personal property shall remain in the Premises as security for the cure of such default, until such time as such default is fully cured by Lessee and any costs incurred by County, including attorneys' fees, are paid in full by Lessee to County.

**14. Signs:** Lessee, at its sole cost, shall have the right to affix and install on the Premises, reasonable signs to identify the Premises, and such signs shall comply with all Applicable Laws, including those of County, and installation of new or altered signage shall be approved in writing by the ACAO prior to installation. Any damage to the Premises occasioned by the installation and maintenance of any such sign, and the cost of removal or obliteration thereof upon the expiration or termination of this Agreement, shall be paid by Lessee.

**15. Damage and Destruction:** If the Premises are damaged or destroyed by fire or casualty, not the fault of Lessee or any person in or about the Premises with the express or implied consent of the Lessee, the damaged Premises shall be repaired by Lessee at its sole cost, with the use of available insurance proceeds required under **Section 20.c** or Lessee may, at its option, terminate this Agreement and assign the available insurance proceeds to County. In the event that Lessee elects to repair the damaged Premises, this Agreement shall continue in full force and effect except that certain obligations of Lessee may be subject to Force Majeure as provided in **Section 25**. The provisions of California Civil Code sections 1932(2) and 1933(4) shall not apply to this Agreement, and Lessee hereby waives the benefits thereof.

**16. Condemnation:** If all or any part of the Premises is taken as a result of the exercise of the power of eminent domain, this Agreement shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Party shall have the right to terminate this Agreement as to the balance of the Premises by notice to the other Party within 30 days after such date. However, a condition to the exercise by Lessee of such right to terminate shall be that the portion of the Premises taken shall be of such extent and nature, in Lessee's reasonable judgment, as substantially to handicap, impede, or impair Lessee's use of the balance of the Premises. In the event of any taking, the proceeds shall belong to County.

**17. Right of Inspection:** With reasonable notice to Lessee, County shall have the right to enter upon the Premises at all reasonable times to inspect the Premises and Lessee's operations thereon. County reserves all rights in and with respect to the Premises, not inconsistent with Lessee's use of the Premises as provided in **Section 7** including without limitation the right of County to enter

upon the Premises for the purpose of installing, using, maintaining, renewing, and replacing such underground oil, gas, water, sewer, and other pipelines, and such underground or aboveground telephone, telegraph, and electric power conduits or lines as County may deem desirable in connection with the development or use of the Premises. County shall compensate Lessee for damage to Lessee's FF&E caused by the exercise of the rights reserved in this **Section 17**.

**18. Hazardous Materials:**

**a. No Hazardous Materials** – Lessee shall not permit any new Hazardous Materials to be stored or brought onto the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld. If Lessee spills any Hazardous Materials anywhere on the Premises, or other County-owned property, Lessee shall cleanup said spill, at its sole cost, and to the sole satisfaction of County. "**Hazardous Materials**," as used in this Agreement, shall be defined as stated in **Exhibit "B."**

**b. Clean Up of Hazardous Materials** – If any governmental authority or court, which has jurisdiction, demands that a cleanup plan be prepared and/or that a cleanup be undertaken because of any deposit, spill, discharge, or other release of any Hazardous Materials by Lessee at, on, or from the Premises at any time during Lessee's occupancy of the Premises, or which arises at any time as a result of any uses or occupancy of the Premises by Lessee, then Lessee shall, at its sole cost, prepare and submit the required plans and all related bonds and other financial assurances and carry out all such cleanup plans in a timely manner.

**c. Failure by Lessee to Clean Up** – Lessee shall promptly provide all information regarding the use, generation, storage, transportation, or disposal of Hazardous Materials that is requested by County. If Lessee fails to fulfill any duty imposed under this **Section 18.c** within a reasonable period of time, County may, but is not required to, perform those duties at Lessee's sole cost. Lessee shall promptly cooperate with County if County undertakes to perform any such duties. No action by County taken pursuant to this **Section 18.c** shall constitute a waiver of Lessee's obligations under this **Section 18**. Lessee obligations under this **Section 18** shall survive the expiration or termination of this Agreement.

**d. Receipt of Notice of Violation** – If Lessee becomes aware of or receives notice or other communications concerning any actual, alleged, suspected, or threatened violation of any Environmental Requirements, or liability of Lessee in connection with the Premises or past or present activities of any person thereon, then Lessee shall deliver to County within 10 days of receipt of such notice or communication by Lessee, a written description of said violation, liability, correcting information, or actual or threatened event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not create any obligation on the part of County to defend or otherwise respond to any such notification. "**Environmental Requirements**," as used in this Agreement, shall be defined as stated in **Exhibit "B."**

**19. Indemnification:**

**a. Mutual** – Each Party agrees to defend, hold harmless, and indemnify the other Party (and the other Party's officers, employees, trustees, agents, successors, assigns, and invitees, collectively referred to as the "**Indemnified Parties**") against all claims, suits, expenses (including staff time, reasonable attorney's fees, and fees of County Counsel), losses, penalties, fines, costs, and liability whether in contract, tort, or strict liability (including but not limited to personal injury, death at any time, and property damage) arising out of or made necessary by **i**) the indemnifying Party's breach of the terms of this Agreement; **ii**) the negligent or willful acts or omissions of the indemnifying Party and its Indemnified Parties in

connection with performance of this Agreement; and **iii)** the presence of the indemnifying Party and its Indemnified Parties on the other Party's premises. In the event that any action or proceeding is brought against a Party by reason of any claim or demand discussed in this **Section 19**, upon reasonable notice from the other Party, the indemnifying Party shall defend the action or proceeding at the other Party's expense through counsel reasonably satisfactory to the other Party. The obligations to indemnify set forth in this **Section 19** shall include reasonable attorney's fees, investigation costs, and all other reasonable costs, expenses, and liabilities from the first notice that any claim or demand is to be made. The indemnifying Party's obligations under this **Section 19** shall apply regardless of whether the other Party or its Indemnified Parties are actively or passively negligent, but shall not apply to any loss, liability, fine, penalty, forfeiture, cost, or damage determined by an arbitrator or court of competent jurisdiction to be caused solely by the negligence or willful misconduct of the other Party and its Indemnified Parties.

**b. Environmental** – In addition, Lessee shall indemnify and defend, upon request of County, County and the Indemnified Parties against any Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials at any time during Lessee's occupancy of the Premises which arises at any time as a result of any uses at, on, or from the occupancy of the Premises by Lessee, or as a result of Lessee's failure to provide any or all information, make any or all of its submissions, and take any or all steps required by any governmental authority or court which has jurisdiction or by any Environmental Requirements. "**Environmental Requirements**" and "**Hazardous Materials**," as used in this Agreement, shall have the meaning provided in **Exhibit "B."**

**c. Survival of Indemnification Obligations** – Lessee's obligations under **Section 19** shall survive the expiration or termination of this Agreement.

**20. Lessee Maintenance of Insurance:** Lessee shall secure and maintain insurance as described below. Lessee shall not perform any work under this Agreement until Lessee has obtained all insurance required under this **Section 20** and the required certificates of insurance, and all required endorsements have been filed with the County's authorized insurance representative. Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of these insurance requirements. The required documents must be signed by the authorized representative of the insurance company shown on the certificate. Upon request by County, Lessee shall supply proof that such person is an authorized representative thereof, and is authorized to bind the named underwriter and company to the coverage, limits, and termination provisions shown thereon. Lessee shall promptly deliver a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the Term or as otherwise specified herein. Such certificates and endorsements shall be delivered to the County's authorized insurance representative prior to the expiration date of any policy and bear a notation evidencing payment of the premium thereof if so requested. Lessee shall immediately pay any deductibles and self-insured retentions under all required insurance policies upon the submission of any claim by Lessee or County as an additional insured.

**a. Workers' Compensation and Employer's Liability Insurance Requirements** –

**1) Workers' Compensation Insurance - Lessee Employees.** If Lessee has employees who may perform any services pursuant to this Agreement, Lessee shall submit written proof that Lessee is insured against liability for workers' compensation in accordance with the provisions of California Labor Code section 3700.

2) **Workers' Compensation Insurance - Lessee Subcontractors.** Lessee shall require any subcontractors to provide workers' compensation for all of the subcontractors' employees, unless the subcontractors' employees are covered by the insurance afforded by Lessee. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Lessee shall provide and/or require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered.

3) **Employer's Liability Insurance.** Lessee shall also maintain employer's liability insurance with limits of \$1,000,000 for bodily injury or disease.

**b. Liability Insurance Requirements –**

1) **In General** – Lessee shall maintain in full force and effect, at all times during the Term, the following insurance:

(a) **Commercial General Liability Insurance,** including without limitation Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement with the County), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Lessee's performance of work under this Agreement. The Commercial General Liability insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Lessee shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

(b) **Automobile Liability Insurance,** against claims of Personal Injury (including bodily injury and death) and Property Damage covering any vehicle and/or all owned, leased, hired, and non-owned vehicles used in the performance of services pursuant to this Agreement with coverage equal to the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

2) **Additional Insureds** – The Commercial General Liability and Automobile liability Insurance required in **Section 20.b** shall include an endorsement naming the County and the Indemnified Parties as additional insureds for liability arising out of this Agreement and any operations related thereto. Said endorsement shall be provided using one of the following three options: (i) on ISO form CG 20 10 11 85; or (ii) on ISO form CG 20 37 10 01 plus either ISO form CG 20 10 10 01 or CG 20 33 10 01; or (iii) on such other forms which provide coverage at least equal to or better than form CG 20 10 11 85.

3) **Self-Insurance Retention** – Any self-insured retentions in excess of \$100,000 must be declared on the Certificate of Insurance or other documentation provided to County and must be approved by the County Risk Manager, which may be granted or withheld at the County Risk Manager's sole discretion.

4) **Claims-Made** – If any of the insurance coverages required under this Agreement is written on a claims-made basis, Lessee, at Lessee's option, shall either (i) maintain said coverage for at least three years following the

termination of this Agreement with coverage extending back to the Execution Date; (ii) purchase an extended reporting period of not less than three years following the termination of this Agreement; or (iii) acquire a full prior acts provision on any renewal or replacement policy.

c. **Fire and Casualty Insurance** – Lessee shall, at its sole cost, maintain on the Building a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least 100% of full replacement value. The insurance policy shall be issued in the names of County, Lessee, and any lender, as their interests appear. The insurance policy shall provide that any proceeds shall be made payable to Lessee, and Lessee shall apply and use such proceeds as required by **Section 15** subject to the priority rights of any lender. Such insurance shall satisfy the requirements of **Section 20.d**, and shall be issued by a company or companies satisfying the requirements of **Section 20.e**. On or before the Commencement Date, Lessee shall deliver to County certificates of insurance indicating that Lessee has complied with the provisions of this **Section 20.c**.

d. **Cancellation of Insurance** – The above-stated insurance coverages required to be maintained by Lessee shall be maintained until the completion of all of Lessee’s obligations under this Agreement. Each insurance policy supplied by Lessee must be endorsed to provide that the coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after 10 days written notice in the case of non-payment of premiums, or 30 days written notice in all other cases. This notice requirement does not waive the insurance requirements stated herein. Lessee shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

e. **Insurance Company Rating** – All insurance shall be issued by a company or companies admitted to do business in California and listed in the current “Best’s Key Rating Guide” publication with a minimum rating of A-; VII. Any exception to these requirements must be approved in writing by the County Risk Manager, which may be granted or withheld at the County Risk Manager’s sole discretion.

f. **Lessee Self-Insured** – If Lessee is, or becomes during the term of this Agreement, self-insured or a member of a self-insurance pool, Lessee shall provide coverage equivalent to the insurance coverages and endorsements required above. County will not accept such coverage unless the County Risk Manager determines, in his/her sole discretion and by written acceptance, that the coverage proposed to be provided by Lessee is equivalent to the above-required coverages.

g. **Primary Insurance** – All insurance afforded by Lessee pursuant to this Agreement shall be primary to and not contributing to all insurance or self-insurance maintained by County. An endorsement shall be provided on all policies, except professional liability/errors and omissions, which shall waive any right of recovery (waiver of subrogation) against County.

h. **No Limitations by Policy Limits** – Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Lessee for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage, or to preclude County from taking such other actions as are available to it under any other provision of this Agreement or otherwise under Applicable Laws.

i. **Failure to Maintain Insurance** – Failure by Lessee to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by Lessee. County, at its sole option, may terminate this Agreement and obtain

damages from Lessee resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Lessee, County shall deduct from sums due to Lessee any premiums and associated costs advanced or paid by County for such insurance. If the balance of monies obligated to Lessee pursuant to this Agreement is insufficient to reimburse County for the premiums and any associated costs, Lessee shall reimburse County for the premiums and pay for all costs associated with the purchase of said insurance within 30 days of demand by County. Any failure by County to take this alternative action shall not relieve Lessee of its obligation to obtain and maintain the insurance coverages required by this Agreement.

**21. Liens and Encumbrances:** Lessee shall keep the Premises free from any liens and encumbrances arising out of any work performed, material furnished, or obligations incurred by Lessee, or from any other cause. If any liens or encumbrances are recorded against the Premises, and Lessee fails to remove the lien or encumbrance or post a bond to remove same within 30 days after its filing, County shall give a 30-day notice to Lessee, requiring Lessee to remove or bond around the lien or encumbrance within the 30-day period. If Lessee fails to do so within the 30-day period, County, at its sole discretion after expiration of the 30-day period, may obtain a bond, with all costs of the bond to be reimbursed by Lessee to County.

**22. Breach by Lessee:** In the event of the breach by Lessee of any term, covenant, or condition, Lessee shall have 30 days after written notice has been given to Lessee by County to cure, except for breach of the nuisance provisions of **Section 7.b**, which allows 72 hours to cure. If Lessee fails to cure within the stated time periods, County may exercise its remedies under **Section 23**.

**a. Immediate Termination** – Notwithstanding the foregoing, County shall have the right to terminate this Agreement effective immediately pursuant to **Section 6.e** above. Once the Agreement is terminated, Lessee shall have 120 days to vacate the Premises.

**23. Remedies of County:** In the event of a breach by Lessee, County shall have the right either to terminate Lessee's right to possession of the Premises, by giving written notice of termination to Lessee, and thereby terminating this Agreement, or to have this Agreement continue in full force and effect with Lessee at all times having the right to possession of the Premises.

**a. Agreement and Possession Continue** – If County elects to have this Agreement continue in full force and effect, Lessee shall remain liable to perform all of its obligations under this Agreement and County may enforce all of County's rights and remedies. If Lessee abandons the Premises or fails to maintain and protect the same as herein provided, County shall have the right **(i)** to do all things necessary or appropriate to maintain, preserve, and protect the Premises, including without limitation the installation of keepers or guards or the appointment of a receiver, and **(ii)** to relet the Premises as the agent of Lessee and for Lessee's account and to do all things appropriate for such reletting. In the event of such reletting, rent received by County shall be credited to Lessee's account. None of the foregoing acts shall be deemed to terminate Lessee's right of possession, and Lessee shall reimburse County on demand for all amounts reasonably expended by County in connection with the foregoing acts, together with interest on all amounts expended by County from time to time at the maximum legal rate from the date due until paid. Notwithstanding any such election to have this Agreement remain in full force and effect, County may at any time thereafter elect to terminate Lessee's right to possession of the Premises and thereby terminate this Agreement for any previous breach by Lessee which remains uncured or for any subsequent breach.

**b. Agreement and Possession Terminate** – If County gives notice of election to terminate Lessee's possession of the Premises, County shall be entitled to recover from Lessee the amounts specified in paragraph (a)(4) of section 1951.2 of the California Civil Code, as such section reads as of the Execution Date.

**c. Remedies Not Exclusive** – No right or remedy herein conferred upon or reserved to County is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

**d. County Right to Cure** – In addition to County's remedies upon Lessee's breach, upon 10 days prior written notice to Lessee by County, County may cure any breach by Lessee and, if necessary, may enter upon the Premises for such purpose. In such event, the cost of cure, plus interest at the maximum legal rate from the date due until paid, shall become immediately due and payable.

**24. Breach by County** – In the event of the breach by County of any term, covenant, or condition, County shall have 30 days after written notice has been given to County by Lessee to cure. If County fails to cure within the stated time periods, Lessee may exercise its remedies under **Section 25**.

**25. Remedies of Lessee:** In the event of a breach by County, and if such breach is not cured within 30 days of County's receipt of Lessor's written notice of such breach, Lessee shall have the right to either withhold payment without penalty until the breach is cured or terminate this Agreement by giving written notice of termination to County as to the date the County was notified of the breach, vacate the premises within 90 days, and Lessee will be released from any further financial obligation to the County.

**a. Agreement and Possession Continue** – If Lessee elects to have this Agreement continue in full force and effect, County shall remain liable to perform all of its obligations under this Agreement and Lessee may enforce all of Lessee's rights and remedies.

**b. Immediate Termination** – Notwithstanding the foregoing, Lessee shall have the right to terminate this Agreement effective immediately pursuant to **Section 25** above. Once the Agreement is terminated, Lessee shall have 120 days to vacate the premises and Lessee will be released from any further financial obligation to County.

**c. Remedies Not Exclusive** – No right or remedy herein conferred upon or reserved to Lessee is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

**26. No Waiver of Breach:** The waiver by County of any term, covenant, or condition contained in this Agreement must be in writing and shall not be deemed to be a waiver of any subsequent breach of the term, covenant or condition contained in this Agreement, and no custom or practice that may arise between the Parties during the course of this Agreement shall be construed to waive or lessen the right of County to the performance by Lessee in strict accordance with the terms of this Agreement.

**27. Force Majeure:**

**a. Definition** – Neither Party shall be held responsible or be deemed to be in default under this Agreement for any delay in performance or failure to perform any of its obligations, if such delay or failure is the result of causes beyond the control and without negligence of the Party.

Such causes include, without limitation, acts of nature, strikes, lockouts, riots, insurrections, civil disturbances or uprisings, sabotage, embargoes, blockages, acts of war or terrorism, acts or failure to act by any governmental or regulatory body (whether civil or military, domestic or foreign), governmental regulations superimposed after the fact, communication line failures, power failures, fires, explosions, floods, accidents, epidemics, earthquakes, tsunamis, or other natural or man-made disasters (“**Force Majeure**”). Lack of funds shall not be a Force Majeure event.

**b. Consequences** – The Party affected by a Force Majeure event, upon giving prompt notice to the other Party, shall be excused from performance to the extent of such prevention, restriction, or interference, on a day-to-day basis until the Force Majeure event is removed, and the other Party shall likewise be excused from performance of its obligation which relate to the performance so prevented, restricted, or interfered with. The affected Party shall use its best efforts to avoid or remove the causes of nonperformance and to minimize the consequences thereof, and both Parties shall resume performance when the Force Majeure event is removed.

**28. Quiet Possession:** Lessee, in keeping and performing the terms, covenants and conditions herein contained on the part of Lessee to be kept and performed, shall at all times during the Term peaceably and quietly have, hold, and enjoy the Premises.

**29. Assignment and Subletting:**

**a. No Assignment or Subletting** – Lessee shall not sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or any of its rights and interests hereunder, including its leasehold rights and interests granted by this Agreement, without the prior written consent of the ACAO.

**b. Referral to Board of Supervisors** – However, the ACAO may, at his/her discretion, refer Lessee’s request to (i) sublease, (ii) assign, (iii) transfer, (iv) mortgage, or (v) otherwise convey this Agreement or Lessee’s ground leasehold rights and interests, to County’s Board of Supervisors (“**Board**”) for Board consideration.

**c. Failure to Obtain Consent** – If Lessee shall sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or its rights and interests hereunder, or attempt to do so in violation of the foregoing provision, then in addition to any and all other rights and remedies available to it, County may, at its option by written notice to Lessee, either declare such sublease, assignment, transfer, mortgage, or other conveyance void or terminate this Agreement and all rights and interests of Lessee and all other persons hereunder.

**d. No Waiver or Limitation on Consent** – Any consent to any sublease, assignment, transfer, mortgage, or conveyance shall not be deemed or construed as consent to any different or subsequent sublease, assignment, transfer, mortgage, or conveyance. This clause shall not be construed to limit any right or remedy which County may become entitled to as a matter of law or become entitled to by reason of Lessee’s actions or failures to act.

**e. Lessee in Compliance** – As a condition of County’s consent to any conveyance of this Agreement, Lessee must be in compliance with all terms, covenants, and conditions of this Agreement, including without limitation the payment of all monies due to County.

**30. Surrender of Premises:** On the last day of the Term, or sooner termination of this Agreement, Lessee shall peaceably and quietly leave, surrender, and yield up to County the Premises in as good a condition and state of repair as it existed on the Commencement Date, subject to damage by Force Majeure, and shall comply with **Section 13** relating to its FF&E. By the expiration or

termination date, Lessee shall have paid all utility bills and contacted the appropriate utility companies to have the utility services properly discontinued or transferred.

**31. Notices:** All notices herein provided to be given, or which may be given, by either Party to the other shall be deemed to have been fully given when made in writing and deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, and addressed as follows:

To Lessee: Kern Medical  
1700 Mount Vernon Avenue  
Bakersfield, California 93306  
Attn: Chief Executive Officer

To County: County of Kern  
Property Management  
1115 Truxtun Avenue, 3<sup>rd</sup> Floor  
Bakersfield, CA 93301

The address to which the notices shall be mailed to either Party may be changed by written notice given by such Party to the other, but nothing shall preclude the giving of any such notice by personal service.

**32. Authorized Agent of County:** The ACAO is the duly authorized agent of County for purposes of this Agreement, and as to any obligations assumed by Lessee, they shall be performed to the sole satisfaction of the ACAO, unless another standard is specified in this Agreement.

**33. Miscellaneous Provisions:**

**a. Negation of Partnership** – County shall not become or be deemed a partner or joint venturer with Lessee or associate in any relationship with Lessee other than that of landlord and tenant by reason of the provisions of this Agreement. Lessee shall not for any purpose be considered an agent, officer, or employee of County.

**b. Conflict of Interest** – The Parties have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All Parties agree that they are unaware of any financial or economic interest of any public officer or employee of County relating to this Agreement. It is further understood and agreed that if such a financial interest does exist as of the Execution Date, County may immediately terminate this Agreement by giving written notice to Lessee. The Parties shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.

**c. Nondiscrimination** –

1) Lessee, in the use of the Premises and in the operations to be conducted under this Agreement, shall not discriminate or permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, sex, or national origin in any manner prohibited by federal, state, or local laws or policies.

2) Lessee shall furnish its accommodations and services on a fair, equal, and nondiscriminatory basis to all Users, and Lessee shall charge only fair, reasonable, and nondiscriminatory prices for its services. However, Lessee may make reasonable

and nondiscriminatory rebates, discounts, or other similar price reductions to volume service Users to the extent permitted by Applicable Laws.

3) Lessee shall make its accommodations and services available to the public on fair and reasonable terms without discrimination on the basis of race, color, creed, religion, ancestry, sex, or national origin.

4) Lessee shall not discriminate nor allow discrimination, either directly or indirectly, in hiring or employing persons to work at the Building.

5) Lessee shall include the language in **subsections (1) through (4)** in any agreement by which Lessee assigns or transfers any interest in the Premises or this Agreement, or grants a right or privilege to any person, firm, or corporation to use the Premises or to render accommodations and services to the public on the Premises.

6) Non-compliance with **subsections (1) through (4)** shall constitute a material breach of this Agreement, and in addition to any other remedies provided by Applicable Laws or this Agreement, County shall have the right to terminate this Agreement without liability therefore, may seek an injunction to enforce **subsections (1) through (4)**, and may charge Lessee the sum of \$25.00 per day for each incident of a failure to comply.

**d. Incorporation of Prior Agreements** – This Agreement contains all agreements of the Parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective.

**e. Remedies not Exclusive** – The use by either Party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive such Party of, or limit the application of, any other remedy provided by law, at equity, or otherwise.

**f. Severability** – If any part, term, portion, or provision of this Agreement is 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.

**g. Governing Law; Venue** – The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. If either Lessee or County initiates an action to enforce the terms of this Agreement or declare rights hereunder, including actions on any bonds and/or surety agreements, the venue thereof shall be the County of Kern, State of California, it being understood that this Agreement is entered into, and will be performed, within the County of Kern.

**h. Compliance with Laws** – Lessee shall, at its sole cost, promptly comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to their use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises.

**i. Successors** – Subject to **Section 29**, all terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

**j. No Third Party Beneficiaries** – This Agreement is made for the sole benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns, and no other persons shall have any right of action hereon.

**k. Covenants and Conditions** – Each provision of this Agreement performable by Lessee shall be deemed both a covenant and a condition.

**l. Modification** – This Agreement may be modified or amended only by a written document signed by both Parties.

**m. Authorization** – Each individual executing this Agreement on behalf of either Party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of that Party, and that this Agreement is binding upon both Parties in accordance with its terms.

**n. Construction** – The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

**o. Recitals** – Each of the recitals is incorporated in this Agreement by reference as if fully set forth in this Agreement at length, is deemed to be the agreement and a reflection of the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

**p. Captions** – Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement.

**q. Exhibits** – All exhibits attached to this Agreement are incorporated into this Agreement by reference.

**r. Time of Essence** – Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Agreement.

*The remainder of this page has been intentionally left blank.*

The Parties have executed this Agreement on the Execution Date.

**COUNTY OF KERN**

**KERN COUNTY HOSPITAL AUTHORITY**

By \_\_\_\_\_  
Assistant County Administrative  
Officer for General Services  
"County"

By \_\_\_\_\_  
Chairman, Board of Governors  
"Lessee"

**APPROVED AS TO CONTENT:**  
County Administrative Office

**APPROVED AS TO CONTENT:**  
Kern County Hospital Authority

By \_\_\_\_\_  
General Services - Division Director

By \_\_\_\_\_  
Chief Operating Officer

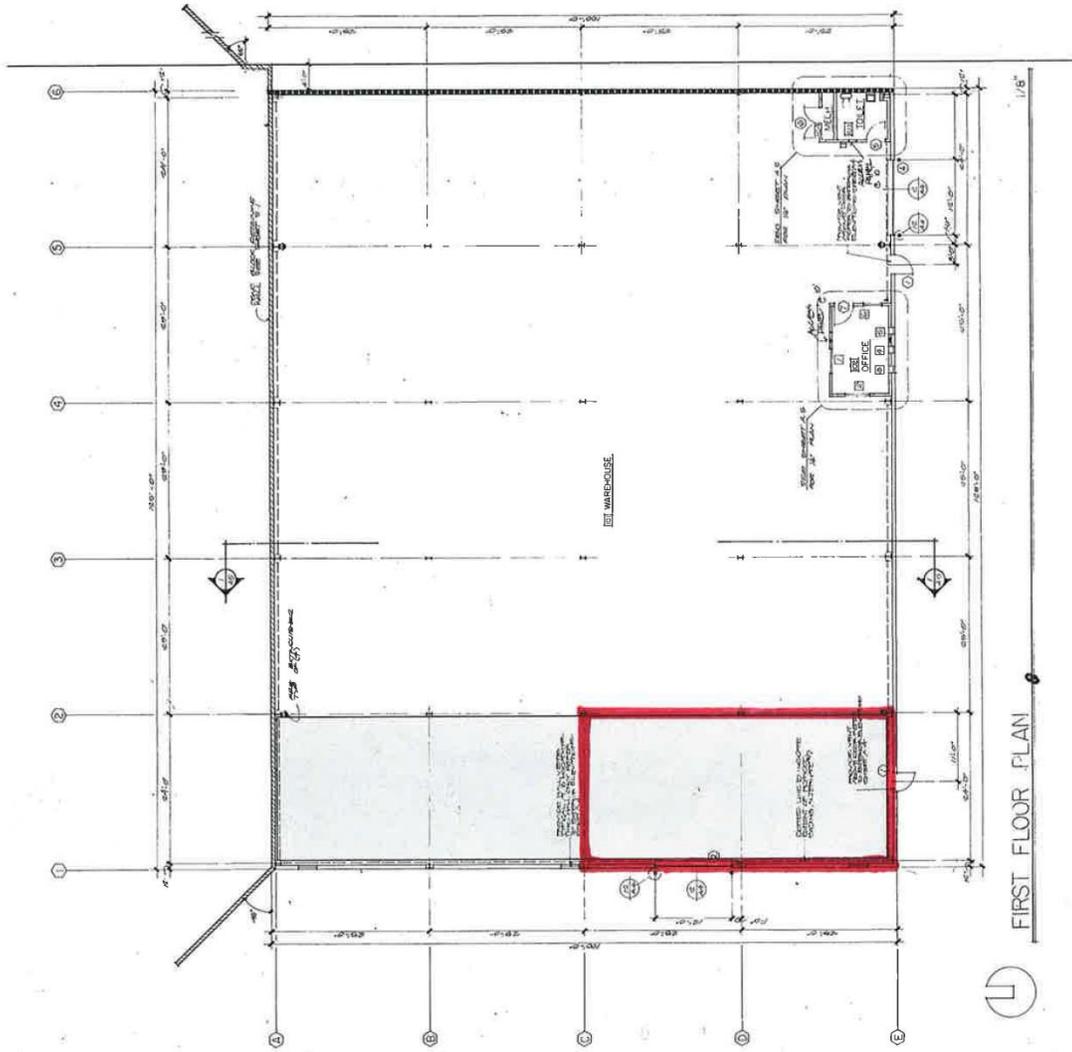
**APPROVED AS TO FORM:**  
Office of County Counsel

**APPROVED AS TO FORM:**  
Office of County Counsel

By \_\_\_\_\_  
Chief Deputy

By \_\_\_\_\_  
Deputy

EXHIBIT "A" - PREMISES



**Definition of Environmental Terms**

For the purpose of this Agreement, the following terms and words shall have the meaning given below:

**1. Environmental Requirements.** All applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items of any governmental agency, department, commission, board, bureau, or instrumentality of the United States of America, California, or its political or municipal subdivisions, and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human life or the environment.

**2. Hazardous Materials.** All flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances or related materials, petroleum products, and any substances declared to be hazardous or toxic under any present or future Environmental Requirements or which requires investigation or remediation under any present or future federal, state, or local law, statute, regulation, environmental requirement, order, or rule.



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

April 20, 2016

**SUBJECT: Office Lease for 2700 "M" Street**

**Required Action: Approve; Authorize Chairman to sign**

Annual Fiscal Impact FY2016-17: \$308,970.80

Kern Medical currently has a Memorandum of Understanding with the County of Kern to occupy 12,797 square feet of general office space at 2700 "M" Street for staff that works in revenue cycle, accounting, medical records, and other finance related functions. Kern Medical and the County of Kern entered into this Memorandum of Understanding to rent the space April 13, 2015. Kern Medical and the County of Kern must enter into a lease for this space with the transition to the Hospital Authority.

Prior to occupying the office space at 2700 "M" Street, the staff occupied trailers that were in poor condition in various locations around the hospital campus. This office space at "M" Street provides an aesthetically pleasing, well-maintained area conducive to a professional environment providing administrative support functions for a hospital.

The lease considerations are Kern Medical pay \$2.012 in rent per square foot per month, inclusive of common areas, totaling \$25,747.56. Annual rent increases are determined by the County Administrative Officer or his/her designee, beginning July 1<sup>st</sup>. The term commences on or about July 1, 2016 when the medical center transfers to the Hospital Authority and expires after seven years. The hospital has one (1) option to extend the term for an additional three years. However, either party may terminate this lease with 180 days prior written notice. The Hospital Authority is also responsible for a prorata share (15.0%) of the monthly utility and operational charges for the building, which may be billed at the end of each month or quarterly.

**AGREEMENT FOR LEASE  
OF A PORTION OF THE PUBLIC SERVICES BUILDING AT  
2700 "M" STREET, BAKERSFIELD**

(County of Kern – Kern County Hospital Authority)

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**AGREEMENT FOR LEASE  
OF A PORTION OF THE PUBLIC SERVICES BUILDING AT  
2700 “M” STREET, BAKERSFIELD**

(County of Kern – Kern County Hospital Authority)

**THIS AGREEMENT (“Agreement”)** is executed at Bakersfield, California, on \_\_\_\_\_, 2016 (“**Execution Date**”) by and between the **COUNTY OF KERN**, a political subdivision of the State of California (“**County**”), and the **KERN COUNTY HOSPITAL AUTHORITY**, a county hospital authority, which owns and operates Kern Medical Center (“**Lessee**”). County and Lessee are referred to individually as a “**Party**” and collectively as the “**Parties.**”

**RECITALS:**

- A.** County owns real property commonly known as the Public Services Building (“**Building**”) located at 2700 “M” Street in Bakersfield, County of Kern, State of California; and
- B.** A portion of the Building is occupied by Lessee under a Memorandum of Understanding executed on April 13, 2015 and amended on March 17, 2016; and
- C.** The Parties desire to enter into a lease agreement for Lessee’s continued use of office space in support of its operations as the Kern County Hospital Authority; and
- D.** Pursuant to Government Code Section 25537, County may make contracts leasing County property devoted to serve a public purpose.

**AGREEMENT:**

- 1. Premises:** For and in consideration of the terms, covenants, and conditions contained in this Agreement, County leases to Lessee, and Lessee leases from County, an approximate 12,797-square foot portion of the Building on the 2<sup>nd</sup> Floor, which is located at 2700 “M” Street in Bakersfield, County of Kern, State of California, and is depicted on the site plan attached as **Exhibit “A” (“Premises”)**. The Premises also includes the non-exclusive use of the common areas hereinafter defined and the non-exclusive use of the parking lot.
- 2. Term:**
  - a. Initial Term** – The initial term of this Agreement shall commence on the transfer of Kern Medical Center to the Kern County Hospital Authority, which is scheduled to occur on or about July 1, 2016 (“**Commencement Date**”) and terminate seven years thereafter, unless sooner terminated as provided in this Agreement (“**Term**”).
  - b. Extension of Term to Remove Hazardous Materials** – If Hazardous Materials are found on the Premises, County may, at its sole discretion, require Lessee to remain in possession of the Premises beyond the expiration of the Term until the County determines that the Hazardous Materials are no longer present. “**Hazardous Materials,**” as used in this Agreement, shall be defined as stated in **Exhibit “B.”**

3. **Option to Extend Term:** Provided Lessee is not in default of any of the terms, covenants, or conditions of this Agreement, Lessee shall have one option to extend the initial Term for a three-year period. Lessee may exercise the option by giving the Assistant County Administrative Officer for General Services (“**ACAO**”) written notice of Lessee’s desire to extend, not less than 60 days prior to expiration of the initial Term. The ACAO, at the ACAO’s sole discretion, may accept or reject the request to extend. If an option is exercised, “**Term**” shall include the option term. “**Term**” shall also include any hold over period.

4. **Right to Terminate:** Either Party may terminate this Agreement by providing a 180-day prior written notice to the other Party.

5. **Hold Over:** If Lessee holds over after the expiration of the Term, with the express or implied consent of County, such holding over shall be a tenancy only from month to month and shall be governed by the terms, covenants, and conditions contained in this Agreement.

6. **Rent:**

a. **Initial Term** – As consideration for the use of the Premises during the term, Lessee shall pay to County in lawful money of the United States without deduction or offset, or through a journal voucher which shall be processed to Kern County General Services, or to such persons and at such places as may be designated from time to time by County, a rental rate of \$2.012 per square foot of Premises per month, inclusive of common areas, totaling \$25,747.56 (“**Rent**”). Rent is determined by the County Administrative Officer (“**CAO**”) or his/her designee and shall be subject to change every fiscal year, which begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> of every year. In the event Lessee occupies the Premises for a partial month at any time, Lessee shall only be responsible for a prorated portion of the Rent.

b. **Option Term** – The amount of monthly rent for the 3-year option term shall be determined by County prior to the commencement of the option term, which shall be a discounted fair market rate, but in no event shall the rent for the option term be less than the rent paid during the previous year.

c. **Hold Over Term** – Should there be a hold over period, the amount of monthly rent shall be determined by County at the commencement of the hold over period.

d. **Operations Fee** – Authority shall be responsible for its prorata share (15%) of the monthly utility and operational charges for the Building (including but not limited to gas, water, electricity, sewer, trash and refuse, etc.). These charges may be billed by County at the conclusion of each month or quarterly.

e. **Late Pay** – If money payable to County as a condition of this Agreement is not paid in full when due, County shall issue a 30-day written notice to cure. If payment by Lessee is not made within 60 days of its due date, County may consider this failure to pay a material breach of this Agreement and may immediately terminate the Agreement consistent with **Section 22.a.**

7. **Purpose:**

a. **In General** – This Agreement is made for the purpose of allowing Lessee to operate the Premises as a pharmacy. Lessee shall not use or permit the Premises to be used for any other purpose without the prior written consent of the ACAO, which may be granted or withheld at the ACAO’s sole discretion.

**b. No Nuisance** – Lessee shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of County or any others, or injure or annoy County or others. Lessee shall not cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose. Within 72 hours of receiving written notice from County that a nuisance exists, Lessee shall abate or otherwise cause the nuisance to be abated. If Lessee has not taken corrective action within 72 hours, then County may enter and abate the nuisance at the sole cost of Lessee without any liability whatsoever to County. Lessee shall not allow any offensive matter, refuse, or substance constituting an unnecessary, unreasonable, or unlawful fire hazard, or material detrimental to the public health, to remain on the Premises or within a distance of 50 feet thereof, and shall prevent any accumulation thereof from occurring.

**8. Condition of Premises:** Lessee occupied the Premises prior to the Execution Date and knows the extent and condition thereof and accepts same in its present condition, subject to and including all defects, latent, and/or patent. Lessee acknowledges that the Premises has not undergone inspection by a Certified Access Specialist, and Lessee accepts the Premises in its present condition.

**9. Alterations:** Lessee shall make no modifications, improvements or additions to the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld.

**10. Repair and Maintenance:** County shall repair and maintain the Premises in a clean, sanitary and safe condition and in compliance with the terms, covenant and conditions of this Agreement and all applicable federal, state, and local laws, including, without limitation, statutes, ordinances, rules, and regulations (“**Applicable Laws**”).

**11. Utilities and Services; Modification of Utilities:** County shall provide all utilities used by Lessee in connection with its operations on the Premises. Lessee shall not modify any utilities on the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld.

**12. Taxes and Assessments:** Lessee shall pay all taxes, fees, charges, and assessments levied by any governmental agency upon any interest acquired by Lessee under this Agreement. Lessee is aware that certain possessory interests may be created by entering into this Agreement and that such interests will be subject to the payment of property taxes levied on such interest.

**13. Lessee’s Furniture, Fixtures and Equipment:**

**a. In General** – Lessee may install its own FF&E in the interior of the Premises, at its sole cost. In addition to Lessee’s obligations under **Section 30**, at the expiration or termination of this Agreement, Lessee shall remove its FF&E, and repair any damage to the Premises or Building as a result of removal, at Lessee’s sole cost.

**b. Abandonment of FF&E** – Any FF&E belonging to Lessee and left on the Premises shall be kept for a reasonable time by County, but in no event longer than 30 days after County gives Lessee written notice to remove such property from the Premises. After the 30-day period, if not removed, the FF&E may be treated by County as abandoned and declared to be County-owned property, and County may, at Lessee’s sole cost, repair any damage to the Premises as a result of removal. The costs charged to Lessee may include, without limitation, consideration for the additional time Lessee or its FF&E occupied the Premises beyond the deadlines and disallowed County’s full utilization of the Premises as the owner of the property.

c. **FF&E as Security** – If, at the time of expiration or termination of this Agreement, Lessee is in default of any of the terms, covenants, or conditions of this Agreement, including the payment of rent or any other sums due under this Agreement, Lessee shall not remove from the Premises any of its FF&E (not including leased FF&E), and such personal property shall remain in the Premises as security for the cure of such default, until such time as such default is fully cured by Lessee and any costs incurred by County, including attorneys' fees, are paid in full by Lessee to County.

14. **Signs**: Lessee, at its sole cost, shall have the right to affix and install on the Premises, reasonable signs to identify the Premises, and such signs shall comply with all Applicable Laws, including those of County, and any installation of new or altered signage shall be approved in writing by the ACAO prior to installation. Any damage to the Premises occasioned by the installation and maintenance of any such sign, and the cost of removal or obliteration thereof upon the expiration or termination of this Agreement, shall be paid by Lessee.

15. **Damage and Destruction**: If the Premises are damaged or destroyed by fire or casualty, not the fault of Lessee or any person in or about the Premises with the express or implied consent of the Lessee, the damaged Premises shall be repaired by Lessee at its sole cost, with the use of available insurance proceeds required under **Section 20.c** or Lessee may, at its option, terminate this Agreement and assign the available insurance proceeds to County. In the event that Lessee elects to repair the damaged Premises, this Agreement shall continue in full force and effect except that certain obligations of Lessee may be subject to Force Majeure as provided in **Section 27**. The provisions of California Civil Code sections 1932(2) and 1933(4) shall not apply to this Agreement, and Lessee hereby waives the benefits thereof.

16. **Condemnation**: If all or any part of the Premises is taken as a result of the exercise of the power of eminent domain, this Agreement shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Party shall have the right to terminate this Agreement as to the balance of the Premises by notice to the other Party within 30 days after such date. However, a condition to the exercise by Lessee of such right to terminate shall be that the portion of the Premises taken shall be of such extent and nature, in Lessee's reasonable judgment, as substantially to handicap, impede, or impair Lessee's use of the balance of the Premises. In the event of any taking, the proceeds shall belong to County.

17. **Right of Inspection**: With reasonable notice to Lessee, County shall have the right to enter upon the Premises at all reasonable times to inspect the Premises and Lessee's operations thereon. County reserves all rights in and with respect to the Premises, not inconsistent with Lessee's use of the Premises as provided in **Section 7** including without limitation the right of County to enter upon the Premises for the purpose of installing, using, maintaining, renewing, and replacing such underground oil, gas, water, sewer, and other pipelines, and such underground or aboveground telephone, telegraph, and electric power conduits or lines as County may deem desirable in connection with the development or use of the Premises. County shall compensate Lessee for damage to Lessee's FF&E caused by the exercise of the rights reserved in this **Section 17**.

18. **Hazardous Materials**:

a. **No Hazardous Materials** – As of the Execution Date, Lessee shall not permit any new Hazardous Materials to be stored or brought onto the Premises without the prior written consent of the ACAO, which will not be unreasonably withheld. If Lessee spills any

Hazardous Materials anywhere on the Premises, or other County-owned property, Lessee shall cleanup said spill, at its sole cost, and to the sole satisfaction of County. “**Hazardous Materials**,” as used in this Agreement, shall be defined as stated in **Exhibit “B.”**

**b. Clean Up of Hazardous Materials** – If any governmental authority or court, which has jurisdiction, demands that a cleanup plan be prepared and/or that a cleanup be undertaken because of any deposit, spill, discharge, or other release of any Hazardous Materials by Lessee, including any contractors working on behalf of Lessee at, on, or from the Premises at any time during Lessee’s occupancy of the Premises, or which arises at any time as a result of any uses or occupancy of the Premises by Lessee, then Lessee shall, at its sole cost, prepare and submit the required plans and all related bonds and other financial assurances and carry out all such cleanup plans in a timely manner.

**c. Failure by Lessee to Clean Up** – Lessee shall promptly provide all information regarding the use, generation, storage, transportation, or disposal of Hazardous Materials that is requested by County. If Lessee fails to fulfill any duty imposed under this **Section 18.c** within a reasonable period of time, County may, but is not required to, perform those duties at Lessee’s sole cost. Lessee shall promptly cooperate with County if County undertakes to perform any such duties. No action by County taken pursuant to this **Section 18.c** shall constitute a waiver of Lessee’s obligations under this **Section 18**. Lessee obligations under this **Section 18** shall survive the expiration or termination of this Agreement.

**d. Receipt of Notice of Violation** – If Lessee becomes aware of or receives notice or other communications concerning any actual, alleged, suspected, or threatened violation of any Environmental Requirements, or liability of Lessee in connection with the Premises or past or present activities of any person thereon, then Lessee shall deliver to County within 10 days of receipt of such notice or communication by Lessee, a written description of said violation, liability, correcting information, or actual or threatened event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not create any obligation on the part of County to defend or otherwise respond to any such notification. “**Environmental Requirements**,” as used in this Agreement, shall be defined as stated in **Exhibit “B.”**

**19. Indemnification:**

**a. Mutual** – Each Party agrees to defend, hold harmless, and indemnify the other Party (and the other Party’s officers, employees, trustees, agents, successors, assigns, and invitees, collectively referred to as the “**Indemnified Parties**”) against all claims, suits, expenses (including staff time, reasonable attorney’s fees, and fees of County Counsel), losses, penalties, fines, costs, and liability whether in contract, tort, or strict liability (including but not limited to personal injury, death at any time, and property damage) arising out of or made necessary by **i)** the indemnifying Party’s breach of the terms of this Agreement; **ii)** the negligent or willful acts or omissions of the indemnifying Party and its Indemnified Parties in connection with performance of this Agreement; and **iii)** the presence of the indemnifying Party and its Indemnified Parties on the other Party’s premises. In the event that any action or proceeding is brought against a Party by reason of any claim or demand discussed in this **Section 19**, upon reasonable notice from the other Party, the indemnifying Party shall defend the action or proceeding at the other Party’s expense through counsel reasonably satisfactory to the other Party. The obligations to indemnify set forth in this **Section 19** shall include reasonable attorney’s fees, investigation costs, and all other reasonable costs, expenses, and liabilities from the first notice that any claim or demand is to be made. The indemnifying Party’s obligations under this **Section 19** shall apply regardless of whether the other Party or

its Indemnified Parties are actively or passively negligent, but shall not apply to any loss, liability, fine, penalty, forfeiture, cost, or damage determined by an arbitrator or court of competent jurisdiction to be caused solely by the negligence or willful misconduct of the other Party and its Indemnified Parties.

**b. Environmental** – In addition, Lessee shall indemnify and defend, upon request of County, County and the Indemnified Parties against any Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials at any time during Lessee’s occupancy of the Premises which arises at any time as a result of any uses at, on, or from the occupancy of the Premises by Lessee, or as a result of Lessee’s failure to provide any or all information, make any or all of its submissions, and take any or all steps required by any governmental authority or court which has jurisdiction or by any Environmental Requirements. “**Environmental Requirements**” and “**Hazardous Materials**,” as used in this Agreement, shall have the meaning provided in **Exhibit “B.”**

**c. Survival of Indemnification Obligations** – Lessee’s obligations under **Section 19** shall survive the expiration or termination of this Agreement.

**20. Lessee Maintenance of Insurance:** Lessee shall secure and maintain insurance as described below. Lessee shall not perform any work under this Agreement until Lessee has obtained all insurance required under this **Section 20** and the required certificates of insurance, and all required endorsements have been filed with the County’s authorized insurance representative. Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of these insurance requirements. The required documents must be signed by the authorized representative of the insurance company shown on the certificate. Upon request by County, Lessee shall supply proof that such person is an authorized representative thereof, and is authorized to bind the named underwriter and company to the coverage, limits, and termination provisions shown thereon. Lessee shall promptly deliver a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the Term or as otherwise specified herein. Such certificates and endorsements shall be delivered to the County’s authorized insurance representative prior to the expiration date of any policy and bear a notation evidencing payment of the premium thereof if so requested. Lessee shall immediately pay any deductibles and self-insured retentions under all required insurance policies upon the submission of any claim by Lessee or County as an additional insured.

**a. Workers’ Compensation and Employer’s Liability Insurance Requirements –**

**1) Workers’ Compensation Insurance - Lessee Employees.** If Lessee has employees who may perform any services pursuant to this Agreement, Lessee shall submit written proof that Lessee is insured against liability for workers’ compensation in accordance with the provisions of California Labor Code section 3700.

**2) Workers’ Compensation Insurance - Lessee Subcontractors.** Lessee shall require any subcontractors to provide workers’ compensation for all of the subcontractors’ employees, unless the subcontractors’ employees are covered by the insurance afforded by Lessee. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Lessee shall provide and/or require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered.

**3) Employer’s Liability Insurance.** Lessee shall also maintain employer’s liability insurance with limits of \$1,000,000 for bodily injury or disease.

**b. Liability Insurance Requirements –**

1) **In General** – Lessee shall maintain in full force and effect, at all times during the Term, the following insurance:

(a) **Commercial General Liability Insurance**, including without limitation Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement with the County), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Lessee’s performance of work under this Agreement. The Commercial General Liability insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Lessee shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

(b) **Automobile Liability Insurance**, against claims of Personal Injury (including bodily injury and death) and Property Damage covering any vehicle and/or all owned, leased, hired, and non-owned vehicles used in the performance of services pursuant to this Agreement with coverage equal to the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

2) **Additional Insureds** – The Commercial General Liability and Automobile liability Insurance required in **Section 20.b** shall include an endorsement naming the County and the Indemnified Parties as additional insureds for liability arising out of this Agreement and any operations related thereto. Said endorsement shall be provided using one of the following three options: (i) on ISO form CG 20 10 11 85; or (ii) on ISO form CG 20 37 10 01 plus either ISO form CG 20 10 10 01 or CG 20 33 10 01; or (iii) on such other forms which provide coverage at least equal to or better than form CG 20 10 11 85.

3) **Self-Insurance Retention** – Any self-insured retentions in excess of \$100,000 must be declared on the Certificate of Insurance or other documentation provided to County and must be approved by the County Risk Manager, which may be granted or withheld at the County Risk Manager’s sole discretion.

4) **Claims-Made** – If any of the insurance coverages required under this Agreement is written on a claims-made basis, Lessee, at Lessee’s option, shall either (i) maintain said coverage for at least three years following the termination of this Agreement with coverage extending back to the Execution Date; (ii) purchase an extended reporting period of not less than three years following the termination of this Agreement; or (iii) acquire a full prior acts provision on any renewal or replacement policy.

c. **Fire and Casualty Insurance** – Lessee shall, at its sole cost, maintain on the Building a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least 100% of full replacement value. The insurance policy shall be issued in the names of County, Lessee, and any lender, as their interests appear. The insurance policy shall provide that any proceeds shall be made payable to Lessee, and Lessee shall apply and use such proceeds as required by **Section 15** subject to the priority

rights of any lender. Such insurance shall satisfy the requirements of **Section 20.d**, and shall be issued by a company or companies satisfying the requirements of **Section 20.e**. On or before the Commencement Date, Lessee shall deliver to County certificates of insurance indicating that Lessee has complied with the provisions of this **Section 20.c**.

**d. Cancellation of Insurance** – The above-stated insurance coverages required to be maintained by Lessee shall be maintained until the completion of all of Lessee’s obligations under this Agreement. Each insurance policy supplied by Lessee must be endorsed to provide that the coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after 10 days written notice in the case of non-payment of premiums, or 30 days written notice in all other cases. This notice requirement does not waive the insurance requirements stated herein. Lessee shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

**e. Insurance Company Rating** – All insurance shall be issued by a company or companies admitted to do business in California and listed in the current “Best’s Key Rating Guide” publication with a minimum rating of A-; VII. Any exception to these requirements must be approved in writing by the County Risk Manager, which may be granted or withheld at the County Risk Manager’s sole discretion.

**f. Lessee Self-Insured** – If Lessee is, or becomes during the term of this Agreement, self-insured or a member of a self-insurance pool, Lessee shall provide coverage equivalent to the insurance coverages and endorsements required above. County will not accept such coverage unless the County Risk Manager determines, in his/her sole discretion and by written acceptance, that the coverage proposed to be provided by Lessee is equivalent to the above-required coverages.

**g. Primary Insurance** – All insurance afforded by Lessee pursuant to this Agreement shall be primary to and not contributing to all insurance or self-insurance maintained by County. An endorsement shall be provided on all policies, except professional liability/errors and omissions, which shall waive any right of recovery (waiver of subrogation) against County.

**h. No Limitations by Policy Limits** – Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Lessee for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage, or to preclude County from taking such other actions as are available to it under any other provision of this Agreement or otherwise under Applicable Laws.

**i. Failure to Maintain Insurance** – Failure by Lessee to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by Lessee. County, at its sole option, may terminate this Agreement and obtain damages from Lessee resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Lessee, County shall deduct from sums due to Lessee any premiums and associated costs advanced or paid by County for such insurance. If the balance of monies obligated to Lessee pursuant to this Agreement is insufficient to reimburse County for the premiums and any associated costs, Lessee shall reimburse County for the premiums and pay for all costs associated with the purchase of said insurance within 10 days of demand by County. Any failure by County to take this alternative action shall not relieve Lessee of its obligation to obtain and maintain the insurance coverages required by this Agreement.

**21. Liens and Encumbrances:** Lessee shall keep the Premises free from any liens and encumbrances arising out of any work performed, material furnished, or obligations incurred by Lessee, or from any other cause. If any liens or encumbrances are recorded against the Premises, and Lessee fails to remove the lien or encumbrance or post a bond to remove same within 30 days after its filing, County shall give a 30-day notice to Lessee, requiring Lessee to remove or bond around the lien or encumbrance within the 30-day period. If Lessee fails to do so within the 30-day period, County, at its sole discretion after expiration of the 30-day period, may obtain a bond, with all costs of the bond to be reimbursed by Lessee to County.

**22. Breach by Lessee:** In the event any breach by Lessee of any term, covenant, or condition, Lessee shall have 30 days after written notice has been given to Lessee by County to cure, except for breach of the nuisance provisions of **Section 7.b**, which allows 72 hours to cure. If Lessee fails to cure within the stated time periods, County may exercise its remedies under **Section 23**.

**a. Immediate Termination** – Notwithstanding the foregoing, County shall have the right to terminate this Agreement effective immediately pursuant to **Section 6.e** above. Once the Agreement is terminated, Lessee shall have 120 days to vacate the Premises.

**23. Remedies of County:** In the event of a breach by Lessee, County shall have the right either to terminate Lessee's right to possession of the Premises, by giving written notice of termination to Lessee, and thereby terminating this Agreement, or to have this Agreement continue in full force and effect with Lessee at all times having the right to possession of the Premises.

**a. Agreement and Possession Continue** – If County elects to have this Agreement continue in full force and effect, Lessee shall remain liable to perform all of its obligations under this Agreement and County may enforce all of County's rights and remedies. If Lessee abandons the Premises or fails to maintain and protect the same as herein provided, County shall have the right **(i)** to do all things necessary or appropriate to maintain, preserve, and protect the Premises, including without limitation the installation of keepers or guards or the appointment of a receiver, and **(ii)** to relet the Premises as the agent of Lessee and for Lessee's account and to do all things appropriate for such reletting. In the event of such reletting, rent received by County shall be credited to Lessee's account. None of the foregoing acts shall be deemed to terminate Lessee's right of possession, and Lessee shall reimburse County on demand for all amounts reasonably expended by County in connection with the foregoing acts, together with interest on all amounts expended by County from time to time at the maximum legal rate from the date due until paid. Notwithstanding any such election to have this Agreement remain in full force and effect, County may at any time thereafter elect to terminate Lessee's right to possession of the Premises and thereby terminate this Agreement for any previous breach by Lessee which remains uncured or for any subsequent breach.

**b. Agreement and Possession Terminate** – If County gives notice of election to terminate Lessee's possession of the Premises, due to Lessee's breach, County shall be entitled to recover from Lessee the amounts specified in paragraph (a)(4) of section 1951.2 of the California Civil Code, as such section reads as of the Execution Date.

**c. Remedies Not Exclusive** – No right or remedy herein conferred upon or reserved to County is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

**d. County Right to Cure** – In addition to County's remedies upon Lessee's breach, upon 10 days prior written notice to Lessee by County, County may cure any breach by Lessee and, if necessary, may enter upon the Premises for such purpose. In such event, the cost of cure,

plus interest at the maximum legal rate from the date due until paid, shall become immediately due and payable.

**24. Breach by County:** In the event of the breach by County of any term, covenant, or condition, County shall have 30 days after written notice has been given to County by Lessee to cure. If County fails to cure within the stated time periods, Lessee may exercise its remedies under **Section 25**.

**25. Remedies of Lessee:** In the event of a breach by County, and if such breach is not cured within 30 days of County's receipt of Lessor's written notice of such breach, Lessee shall have the right to either withhold payment without penalty until the breach is cured, or terminate this Agreement by giving written notice of termination to County as to the date the County was notified of the breach, vacate the premises within 90 days, and Lessee will be released from any further financial obligation to the County.

**a. Agreement and Possession Continue** – If Lessee elects to have this Agreement continue in full force and effect, County shall remain liable to perform all of its obligations under this Agreement and Lessee may enforce all of Lessee's rights and remedies.

**b. Immediate Termination** – Notwithstanding the foregoing, Lessee shall have the right to terminate this Agreement effective immediately pursuant to **Section 25** above. Once the Agreement is terminated, Lessee shall have 120 days to vacate the premises and Lessee will be released from any further financial obligation to County.

**c. Remedies Not Exclusive** – No right or remedy herein conferred upon or reserved to Lessee is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

**26. No Waiver of Breach:** The waiver by County of any term, covenant, or condition contained in this Agreement must be in writing and shall not be deemed to be a waiver of any subsequent breach of the term, covenant or condition contained in this Agreement, and no custom or practice that may arise between the Parties during the course of this Agreement shall be construed to waive or lessen the right of County to the performance by Lessee in strict accordance with the terms of this Agreement.

**27. Force Majeure:**

**a. Definition** – Neither Party shall be held responsible or be deemed to be in default under this Agreement for any delay in performance or failure to perform any of its obligations, if such delay or failure is the result of causes beyond the control and without negligence of the Party. Such causes include, without limitation, acts of nature, strikes, lockouts, riots, insurrections, civil disturbances or uprisings, sabotage, embargoes, blockages, acts of war or terrorism, acts or failure to act by any governmental or regulatory body (whether civil or military, domestic or foreign), governmental regulations superimposed after the fact, communication line failures, power failures, fires, explosions, floods, accidents, epidemics, earthquakes, tsunamis, or other natural or man-made disasters ("**Force Majeure**"). Lack of funds shall not be a Force Majeure event.

**b. Consequences** – The Party affected by a Force Majeure event, upon giving prompt notice to the other Party, shall be excused from performance to the extent of such prevention, restriction, or interference, on a day-to-day basis until the Force Majeure event is removed, and the other Party shall likewise be excused from performance of its obligation which relate to the performance so prevented, restricted, or interfered with. The affected Party shall use its best efforts to

avoid or remove the causes of nonperformance and to minimize the consequences thereof, and both Parties shall resume performance when the Force Majeure event is removed.

**28. Quiet Possession:** Lessee, in keeping and performing the terms, covenants and conditions herein contained on the part of Lessee to be kept and performed, shall at all times during the Term peaceably and quietly have, hold, and enjoy the Premises.

**29. Assignment and Subletting:**

**a. No Assignment or Subletting** – Lessee shall not sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or any of its rights and interests hereunder, including its leasehold rights and interests granted by this Agreement, without the prior written consent of the ACAO.

**b. Referral to Board of Supervisors** – However, the ACAO may, at his/her discretion, refer Lessee’s request to **(i)** sublease, **(ii)** assign, **(iii)** transfer, **(iv)** mortgage, or **(v)** otherwise convey this Agreement or Lessee’s ground leasehold rights and interests, to County’s Board of Supervisors (“**Board**”) for Board consideration.

**c. Failure to Obtain Consent** – If Lessee shall sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or its rights and interests hereunder, or attempt to do so in violation of the foregoing provision, then in addition to any and all other rights and remedies available to it, County may, at its option by written notice to Lessee, either declare such sublease, assignment, transfer, mortgage, or other conveyance void or terminate this Agreement and all rights and interests of Lessee and all other persons hereunder.

**d. No Waiver or Limitation on Consent** – Any consent to any sublease, assignment, transfer, mortgage, or conveyance shall not be deemed or construed as consent to any different or subsequent sublease, assignment, transfer, mortgage, or conveyance. This clause shall not be construed to limit any right or remedy which County may become entitled to as a matter of law or become entitled to by reason of Lessee’s actions or failures to act.

**e. Lessee in Compliance** – As a condition of County’s consent to any conveyance of this Agreement, Lessee must be in compliance with all terms, covenants, and conditions of this Agreement, including without limitation the payment of all monies due to County.

**30. Surrender of Premises:** On the last day of the Term, or sooner termination of this Agreement, Lessee shall peaceably and quietly leave, surrender, and yield up to County the Premises in as good a condition and state of repair as it existed on the Commencement Date, subject to damage by Force Majeure, and shall comply with **Section 13** relating to its FF&E. By the expiration or termination date, Lessee shall have paid all utility bills and contacted the appropriate utility companies to have the utility services properly discontinued or transferred.

**31. Notices:** All notices herein provided to be given, or which may be given, by either Party to the other shall be deemed to have been fully given when made in writing and deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, and addressed as follows:

To Lessee: Kern Medical  
1700 Mount Vernon Avenue  
Bakersfield, California 93306  
Attn: Chief Executive Officer

To County: County of Kern  
Property Management  
1115 Truxtun Avenue, 3<sup>rd</sup> Floor  
Bakersfield, CA 93301

The address to which the notices shall be mailed to either Party may be changed by written notice given by such Party to the other, but nothing shall preclude the giving of any such notice by personal service.

**32. Authorized Agent of County:** The ACAO is the duly authorized agent of County for purposes of this Agreement, and as to any obligations assumed by Lessee, they shall be performed to the sole satisfaction of the ACAO, unless another standard is specified in this Agreement.

**33. Miscellaneous Provisions:**

**a. Negation of Partnership** – County shall not become or be deemed a partner or joint venturer with Lessee or associate in any relationship with Lessee other than that of landlord and tenant by reason of the provisions of this Agreement. Lessee shall not for any purpose be considered an agent, officer, or employee of County.

**b. Conflict of Interest** – The Parties have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All Parties agree that they are unaware of any financial or economic interest of any public officer or employee of County relating to this Agreement. It is further understood and agreed that if such a financial interest does exist as of the Execution Date, County may immediately terminate this Agreement by giving written notice to Lessee. The Parties shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.

**c. Nondiscrimination** –

**1)** Lessee, in the use of the Premises and in the operations to be conducted under this Agreement, shall not discriminate or permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, sex, or national origin in any manner prohibited by federal, state, or local laws or policies.

**2)** Lessee shall furnish its accommodations and services on a fair, equal, and nondiscriminatory basis to all Users, and Lessee shall charge only fair, reasonable, and nondiscriminatory prices for its services. However, Lessee may make reasonable and nondiscriminatory rebates, discounts, or other similar price reductions to volume service Users to the extent permitted by Applicable Laws.

**3)** Lessee shall make its accommodations and services available to the public on fair and reasonable terms without discrimination on the basis of race, color, creed, religion, ancestry, sex, or national origin.

**4)** Lessee shall not discriminate nor allow discrimination, either directly or indirectly, in hiring or employing persons to work at the Building.

**5)** Lessee shall include the language in **subsections (1) through (4)** in any agreement by which Lessee assigns or transfers any interest in the Premises or this Agreement, or grants a right or privilege to any person, firm, or corporation to use the Premises or to render accommodations and services to the public on the Premises.

6) Non-compliance with **subsections (1) through (4)** shall constitute a material breach of this Agreement, and in addition to any other remedies provided by Applicable Laws or this Agreement, County shall have the right to terminate this Agreement without liability therefore, may seek an injunction to enforce **subsections (1) through (4)**, and may charge Lessee the sum of \$25.00 per day for each incident of a failure to comply.

**d. Incorporation of Prior Agreements** – This Agreement contains all agreements of the Parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective.

**e. Remedies not Exclusive** – The use by either Party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive such Party of, or limit the application of, any other remedy provided by law, at equity, or otherwise.

**f. Severability** – If any part, term, portion, or provision of this Agreement is 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.

**g. Governing Law; Venue** – The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. If either Lessee or County initiates an action to enforce the terms of this Agreement or declare rights hereunder, including actions on any bonds and/or surety agreements, the venue thereof shall be the County of Kern, State of California, it being understood that this Agreement is entered into, and will be performed, within the County of Kern.

**h. Compliance with Laws** – Lessee shall, at its sole cost, promptly comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to the use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises.

**i. Successors** – Subject to **Section 27**, all terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

**j. No Third Party Beneficiaries** – This Agreement is made for the sole benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns, and no other persons shall have any right of action hereon.

**k. Covenants and Conditions** – Each provision of this Agreement performable by Lessee shall be deemed both a covenant and a condition.

**l. Modification** – This Agreement may be modified or amended only by a written document signed by both Parties.

**m. Authorization** – Each individual executing this Agreement on behalf of either Party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of that Party, and that this Agreement is binding upon both Parties in accordance with its terms.

**n. Construction** – The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

**o. Recitals** – Each of the recitals is incorporated in this Agreement by reference as if fully set forth in this Agreement at length, is deemed to be the agreement and a reflection of

the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

**p. Captions** – Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement.

**q. Exhibits** – All exhibits attached to this Agreement are incorporated into this Agreement by reference.

**r. Time of Essence** – Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Agreement.

*The remainder of this page has been intentionally left blank.*

The Parties have executed this Agreement on the Execution Date.

**COUNTY OF KERN**

**KERN COUNTY HOSPITAL AUTHORITY**

By \_\_\_\_\_  
Assistant County Administrative  
Officer for General Services  
"County"

By \_\_\_\_\_  
Chairman, Board of Governors  
"Lessee"

**APPROVED AS TO CONTENT:**  
County Administrative Office

**APPROVED AS TO CONTENT:**  
Kern County Hospital Authority

By \_\_\_\_\_  
General Services - Division Director

By \_\_\_\_\_  
Chief Operating Officer

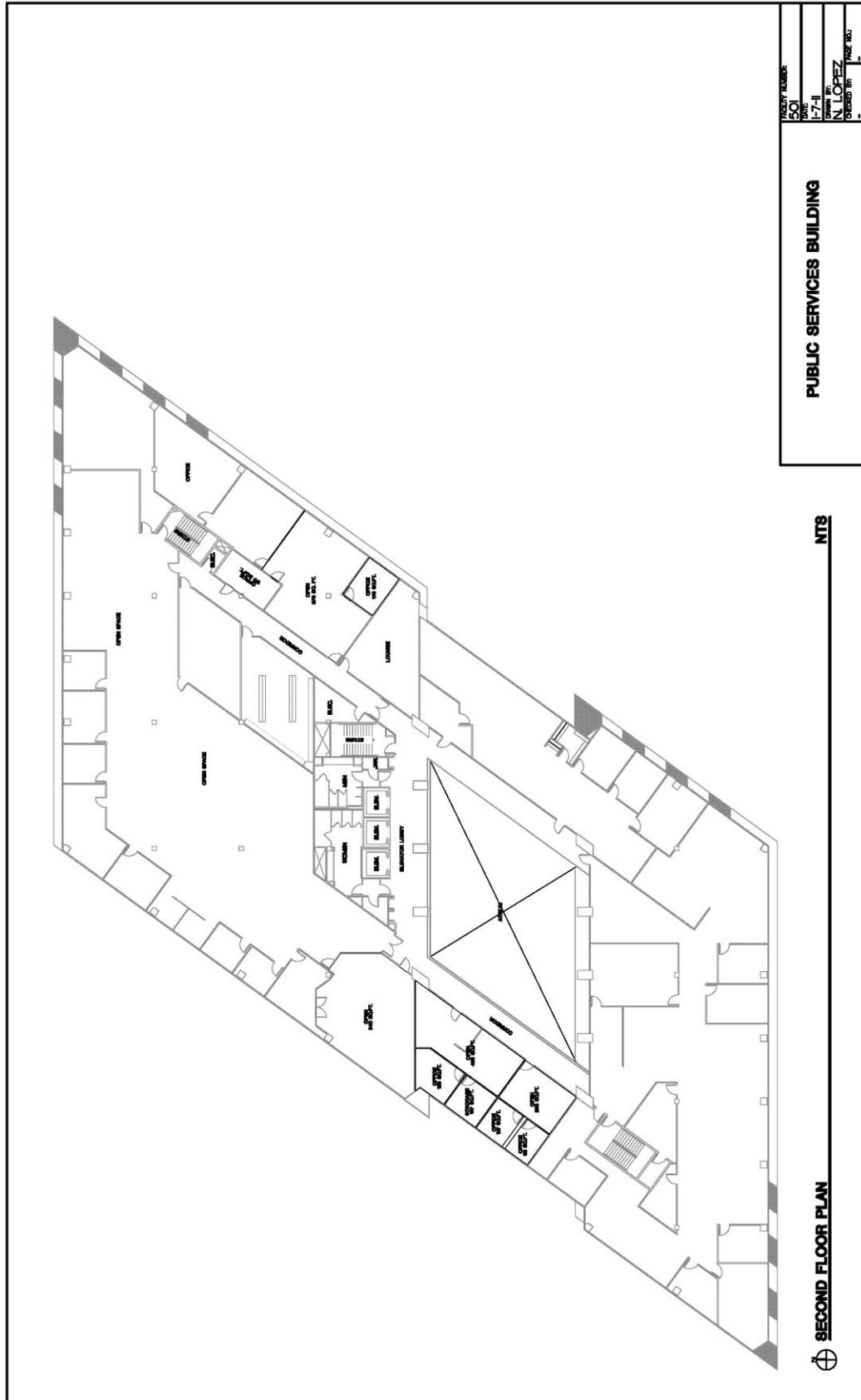
**APPROVED AS TO FORM:**  
Office of County Counsel

**APPROVED AS TO FORM:**  
Office of County Counsel

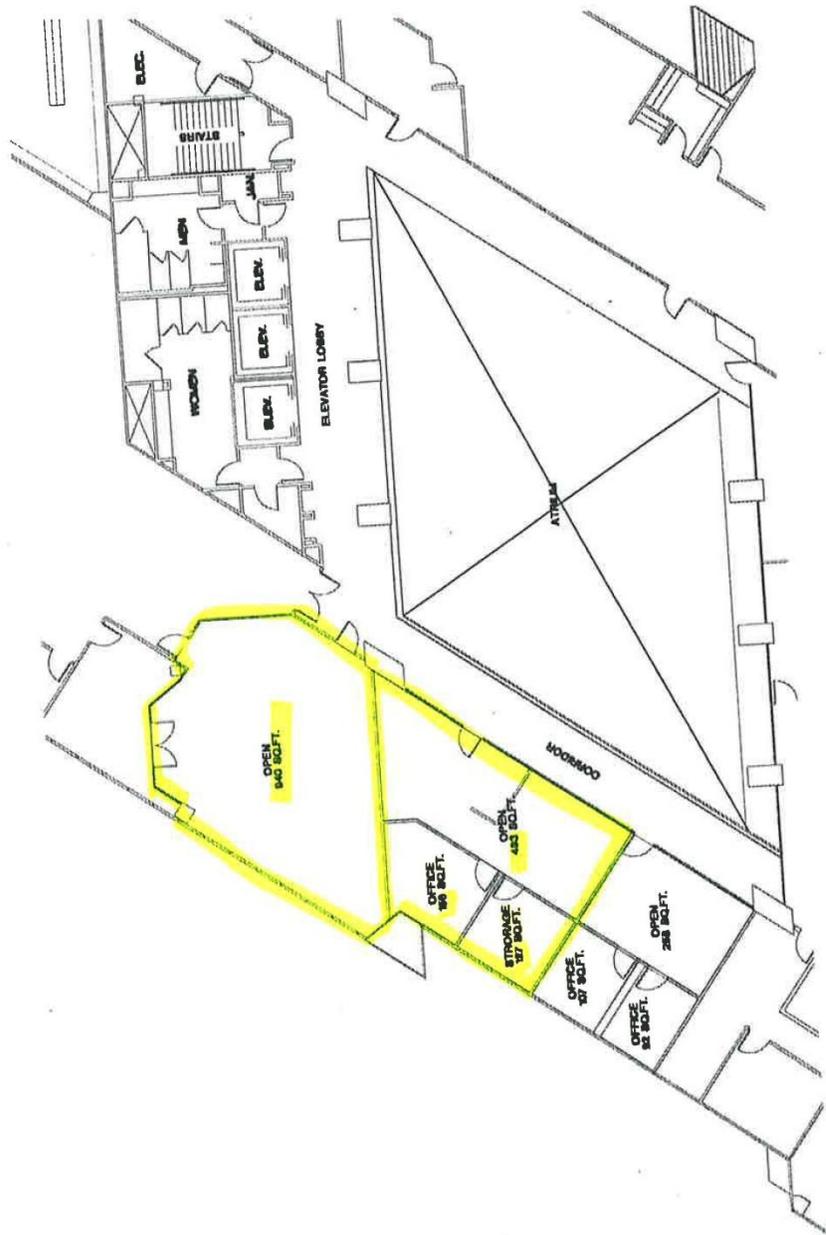
By \_\_\_\_\_  
Chief Deputy

By \_\_\_\_\_  
Deputy

EXHIBIT "A" – SITE MAP



## 2nd Floor - Additional Suites



**Definition of Environmental Terms**

For the purpose of this Agreement, the following terms and words shall have the meaning given below:

**1. Environmental Requirements.** All applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items of any governmental agency, department, commission, board, bureau, or instrumentality of the United States of America, California, or its political or municipal subdivisions, and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human life or the environment.

**2. Hazardous Materials.** All flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances or related materials, petroleum products, and any substances declared to be hazardous or toxic under any present or future Environmental Requirements or which requires investigation or remediation under any present or future federal, state, or local law, statute, regulation, environmental requirement, order, or rule.



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

April 20, 2016

**SUBJECT: Proposed correspondence in support of SB 815 and AB 1568 regarding California's 1115 Medicaid waiver, titled Medi-Cal 2020.**

**Required Action: Approve; Authorize Vice Chairman to sign correspondence in support.**

Proposed correspondence in support of SB 815 and AB 1568 regarding California's 1115 Medicaid waiver, titled Medi-Cal 2020.



April 20, 2016

The Honorable Ed Hernandez  
Chair, Senate Health Committee  
State Capitol, Room 2080  
Sacramento, CA 95814

Subject: SB 815 (Hernandez/DeLeon) - **SUPPORT**

Dear Senator Hernandez:

On behalf of Kern County Hospital Authority, I am writing to express our strong support for SB 815, which would implement California's five-year \$6.2 billion 1115 Medicaid waiver, titled Medi-Cal 2020. The renewed waiver includes critical programs for Medi-Cal beneficiaries and uninsured patients in California, and will enable public health care systems to more effectively provide high quality, accessible care to the millions of patients they serve.

The Kern County Hospital Authority was formed to own and operate Kern Medical Center. Kern Medical is the safety net provider for hospital services in Kern County. It is the only Trauma Center in the region. The over 800,000 residents of Kern County rely on Kern Medical to provide tertiary services that are not provided at any other health care facility in the County of Kern. In addition, Kern Medical is the only academic medicine hospital in the area.

On December 30, 2015, the federal Centers for Medicare and Medicaid Services (CMS) approved Medi-Cal 2020, a five-year 1115 Medicaid waiver that offers California an historic opportunity to lead the nation in meeting the challenge and promise of health care reform, by testing payment and delivery system reforms that can help the state and federal government achieve success. Through the Affordable Care Act, millions of Californians have obtained coverage through Covered California and an expansion of Medi-Cal. Although health care coverage is a critical, foundational element of reform, we know that coverage alone neither ensures access nor improves health. Medi-Cal 2020 will leverage California's coverage expansion with significant payment reforms and delivery system improvements for public health care systems, advancing our state's efforts to align financing with improvements in health outcomes for Medi-Cal beneficiaries.

We strongly support the state's renewed waiver, and in particular, the following components:

- **Public Hospitals Redesign and Incentives in Medi-Cal (PRIME)**

PRIME is a pay-for performance delivery system improvement program that builds on our prior efforts in the DSRIP (Delivery System Reform Incentive Program) program, a part of the 2010 Medi-Cal waiver. The DSRIP included a number of important delivery system transformation efforts to expand primary care and specialty care capacity, improve chronic disease management and reduce hospital based infections.

Kern Medical significantly improved the care it provides through the DSRIP program. We reduced the number of hospital acquired pressure ulcers, improved access to patients with diabetes, and reduced the number of hospital acquired infections. PRIME builds on this work, requiring continued year-over-year improvement in every area of the delivery system, with a heavy emphasis on health outcomes. As Kern Medical embarks on PRIME we will focus on:

- The Integration of Behavioral Health Care in our Primary Care Clinics
  - Reducing the number of disparities in health outcomes
  - Redesigning our Specialty Care clinics to increase access, improve care and improve patient communication
  - Improving Patient Safety in the outpatient setting
  - Improving the care delivered in Perinatal Care
  - Integrating Post-Acute care
  - Developing systems to manage high risk medical populations
  - Managing the population of patients who are post incarceration
  - Reducing the number of high cost imaging studies while maintain high quality care
- **Whole Person Care Pilots**

Whole Person Care (WPC) pilots aim to improve care for these patients by supporting local efforts to integrate the wide variety of services provided by Medi-Cal and counties to high-risk Medi-Cal beneficiaries. Counties will better integrate physical and behavioral health services, and provide intense care coordination with social and housing support services, vocational training and other services that are critical to holistically address patients' needs. To implement WPC will partner with multiple governmental and non-governmental agencies. These will include but not limited to Kern County Mental Health, Kern County Public Health, Kern County Sherriff, and other agencies.
  - **Global Payment Program for the Remaining Uninsured**

As successful as our Medi-Cal expansion effort has been, roughly 3 million will remain uninsured in California. The Global Payment Program (GPP) will provide innovative payment reforms to support better coordinated care for the remaining uninsured who access services in our system. The GPP merges two existing critical sources of federal funding for PHS (Medicaid DSH and Safety Net Care Pool). The merging of these two funding streams removes previous restrictions on these funds, creating a more flexible payment structure to more effectively align financing with better care delivery. Kern Medical will use these funds to create a "health plan" model for the care of the uninsured. We will "manage" the care of the uninsured that will improve health outcomes, improve quality of life, and reduce expenditures for care of this population.

Taking these programs in their totality will improve the care that is provided for the citizens of Kern County. Kern Medical is committed to be the leading advocate for the care of these

populations. As we partner with others on our community we will increase access to care, improve the care that is provided, improve the quality of life for those involved and provide an overall savings of the precious health care dollar.

For these reasons, we strongly support SB 815. We would be pleased to further discuss our position with you and answer any questions you may have. Please contact Russell Judd, Chief Executive Officer. Thank you for your consideration.

Sincerely,

Philip McLaughlin  
Vice Chairmen  
Kern County Hospital Authority

cc:  
The Honorable Members of the Senate Health Committee  
Scott Bain, Consultant, Senate Health Committee  
Joe Parra, Republican Consultant



April 20, 2016

The Honorable Rob Bonta  
Chair, Senate Health Committee  
State Capitol, Room 2080  
Sacramento, CA 95814

Subject: AB 1568 Bonta/Atkins) - **SUPPORT**

Dear Senator Bonta:

On behalf of Kern County Hospital Authority, I am writing to express our strong support for AB 1568, which would implement California's five-year \$6.2 billion 1115 Medicaid waiver, titled Medi-Cal 2020. The renewed waiver includes critical programs for Medi-Cal beneficiaries and uninsured patients in California, and will enable public health care systems to more effectively provide high quality, accessible care to the millions of patients they serve.

The Kern County Hospital Authority was formed to own and operate Kern Medical Center. Kern Medical is the safety net provider for hospital services in Kern County. It is the only Trauma Center in the region. The over 800,000 residents of Kern County rely on Kern Medical to provide tertiary services that are not provided at any other health care facility in the County of Kern. In addition, Kern Medical is the only academic medicine hospital in the area.

On December 30, 2015, the federal Centers for Medicare and Medicaid Services (CMS) approved Medi-Cal 2020, a five-year 1115 Medicaid waiver that offers California an historic opportunity to lead the nation in meeting the challenge and promise of health care reform, by testing payment and delivery system reforms that can help the state and federal government achieve success. Through the Affordable Care Act, millions of Californians have obtained coverage through Covered California and an expansion of Medi-Cal. Although health care coverage is a critical, foundational element of reform, we know that coverage alone neither ensures access nor improves health. Medi-Cal 2020 will leverage California's coverage expansion with significant payment reforms and delivery system improvements for public health care systems, advancing our state's efforts to align financing with improvements in health outcomes for Medi-Cal beneficiaries.

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As successful as our Medi-Cal expansion effort has been, roughly 3 million will remain uninsured in California. The Global Payment Program (GPP) will provide innovative payment reforms to support better coordinated care for the remaining uninsured who access services in our system. The GPP merges two existing critical sources of federal funding for PHS (Medicaid DSH and Safety Net Care Pool). The merging of these two funding streams removes previous restrictions on these funds, creating a more flexible payment structure to more effectively align financing with better care delivery. Kern Medical will use these funds to create a "health plan" model for the care of the uninsured. We will "manage" the care of the uninsured that will improve health outcomes, improve quality of life, and reduce expenditures for care of this population.

Taking these programs in their totality will improve the care that is provided for the citizens of Kern County. Kern Medical is committed to be the leading advocate for the care of these

populations. As we partner with others on our community we will increase access to care, improve the care that is provided, improve the quality of life for those involved and provide an overall savings of the precious health care dollar.

For these reasons, we strongly support AB 1568. We would be pleased to further discuss our position with you and answer any questions you may have. Please contact Russell Judd, Chief Executive Officer. Thank you for your consideration.

Sincerely,

Philip McLaughlin  
Vice Chairmen  
Kern County Hospital Authority

cc:  
The Honorable Members of the Senate Health Committee  
Scott Bain, Consultant, Senate Health Committee  
Joe Parra, Republican Consultant

BOARD OF SUPERVISORS  
COUNTY OF KERN

**TRACKING PAGE**

9:00 A.M.  
TUESDAY, APRIL 5, 2016

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PUBLIC REQUESTS

CA-7) Request of Russell E. Bigler, Chairman, Kern County Hospital Authority Board of Governors, to approve initial appointment of Russell V. Judd as Chief Executive Officer of Kern County Hospital Authority - APPROVED

**Couch-Maggard: All Ayes**

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on April 20, 2016, 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)) –