



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, January 20, 2021

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meetings on November 18, 2020 and December 9, 2020 –
APPROVE

CA

- 4) Proposed retroactive Resolution reaffirming the appointment of Russell V. Judd, Alton Scott Thygerson, Andrew J. Cantu, Glenn E. Goldis, M.D., and Antoinette C. Smith, RN, MSN, and affirming the appointment of Tyler S. Whitezell to serve as officers of the Kern County Hospital Authority, effective July 14, 2020 –
APPROVE; ADOPT RESOLUTION

CA

- 5) Proposed retroactive Resolution in the matter of revising the extension of excess medical professional liability coverage for Kern Medical Center employed and independent contractor physicians, effective January 1, 2021 –
APPROVE; ADOPT RESOLUTION

CA

- 6) Proposed retroactive Amendment No. 3 to Agreement 094-2017 with Kern Vascular Call Group, Inc., an independent contractor, for professional medical services in the Department of Surgery, for the period January 15, 2018 through January 14, 2021, extending the term for one year from January 15, 2021 through January 14, 2022, and increasing the maximum payable by \$565,000, from \$1,350,000 to \$1,915,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Sales Order OPT-0008295 to Agreement 2016-036 with Cerner Corporation, an independent contractor, for purchase of the Patient Portal Scheduled Visits application from January 20, 2021 through January 19, 2024, in an amount not to exceed \$172,417 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Second Amendment to Agreement 011-2019 with PNC Bank, National Association (PNC Bank) for a revolving line of credit for the period March 1, 2019 through February 28, 2021, extending the maturity date of the line of credit on substantially the same terms set out in the Credit Agreement and the General Security and Pledge Agreement for one year from March 1, 2021 to March 1, 2022, and delegating authority to certain officers – APPROVE; ADOPT RESOLUTION; AUTHORIZE AND DIRECT ANY TWO OF THE FOLLOWING OFFICERS (EACH, AN “AUTHORIZED OFFICER”) OF THE AUTHORITY, FOR AND IN THE NAME OF AND ON BEHALF OF THE AUTHORITY, TO EXECUTE THE SECOND AMENDMENT TO CREDIT AGREEMENT AND BANK NOTE, SUBSTANTIALLY IN THE FORM PRESENTED TO THIS BOARD, WITH SUCH CHANGES AS THE AUTHORIZED OFFICERS EXECUTING THE SAME, TOGETHER WITH THE VICE PRESIDENT & GENERAL COUNSEL OF THE AUTHORITY, SHALL APPROVE: CHAIRMAN OF THIS BOARD, VICE-CHAIRMAN OF THIS BOARD, CHIEF EXECUTIVE OFFICER OF THE AUTHORITY, PRESIDENT, HOSPITAL & CLINIC OPERATIONS OF THE AUTHORITY OR CHIEF FINANCIAL OFFICER OF THE AUTHORITY

CA

- 9) Proposed Engagement Letter and Agreement with Moss Adams LLP, an independent contractor, for the provision of external auditing services of Kern County Hospital Authority Deferred Compensation Plan for Physician Employees for the plan years ended December 31, 2020, 2019, 2018, 2017 and 2016, in an amount not to exceed \$100,000 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed retroactive Agreement with Moss Adams LLP, an independent contractor, for the provision of external auditing services of Kern Medical Center financial statements for the fiscal years ended June 30, 2021, June 30, 2022, and June 30, 2023, from January 1, 2021 through March 31, 2024, in an amount not to exceed \$622,000 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed retroactive ratification of signature on Certification of Medical Necessity for BD Alaris™ System Infusion Pump – RATIFY SIGNATURE OF CHIEF EXECUTIVE OFFICE

- 12) Proposed Report of Independent Auditors from Moss Adams LLP regarding the audit of Kern Medical Center financial statements for the fiscal year ended June 30, 2020 – RECEIVE AND FILE; REFER TO KERN COUNTY BOARD OF SUPERVISORS

- 13) Kern County Hospital Authority financial report – RECEIVE AND FILE

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

CA

- 15) Claims and Lawsuits Filed as of December 31, 2020 – RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 16) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 17) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs –
- 18) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Kern County Hospital Authority, a Governmental entity v. California Department of Corrections and Rehabilitation, et al., Kern County Superior Court Case No. BCV-20-102979 DRL –
- 19) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: President, Hospital and Clinic Operations (Government Code Section 54957) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, FEBRUARY 17, 2021 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.

15) CLAIMS AND LAWSUITS FILED AS OF DECEMBER 31, 2020 –
RECEIVE AND FILE

- A) Notice of Case Closure and Right to Sue in the matter of Julie Rosant (Department of Fair Employment and Housing Case No. 201906-06390405)
- B) Notice of Intent to Commence Legal Action in the matter of Huver Perez Arreola
- C) Summons and Complaint in the matter of Brian Snellgrove and Jennifer Snellgrove v. Kern Medical Center, et al., Kern County Superior Court Case No. BCV-20-102881 TSC
- D) Claim in the matter of Domingo Montoya Richert
- E) Claim in the matter of Elizabeth Mason
- F) Claim in the matter of Darren Carter



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, November 18, 2020

11:30 A.M.

BOARD RECONVENED

Board Members: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz
Roll Call: 4 Present; 2 Absent - Alsop, Berjis

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

NOTE: DIRECTOR ALSOP JOINED THE MEETING AFTER ROLL CALL AND BEFORE THE VOTE ON THE CONSENT AGENDA

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

CHAIRMAN BIGLER NOTED A RECENT ARTICLE IN THE BAKERSFIELD CALIFORNIAN REGARDING THE SIMULATION LAB AT KERN MEDICAL CENTER AND THE FUNDING THROUGH GRANTS SECURED BY KERN MEDICAL CENTER FOUNDATION TO EQUIP AND SUPPORT THE LAB

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on October 21, 2020 –
APPROVED
McLaughlin-Pelz: 5 Ayes; 1 Absent - Berjis

CA

- 4) Proposed Amendment No. 2 to Agreement 27716 with Hill-Rom Company, Inc., an independent contractor, for construction services related to the nurse call system project for the period November 17, 2016 until terminated, increasing the maximum payable by \$207,192, from \$438,915 to \$646,107, to cover the cost of additional services, effective November 18, 2020 –
MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 053-2020; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE TOTAL CONTRACT AMOUNT
McLaughlin-Pelz: 5 Ayes; 1 Absent - Berjis

CA

- 5) Proposed Administration Agreement with ReliaStar Life Insurance Company, an independent contractor, for employer-sponsored life and accidental death and dismemberment insurance for eligible employees of Kern Medical Center, effective January 1, 2021 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 054-2020
McLaughlin-Pelz: 5 Ayes; 1 Absent - Berjis

CA

- 6) Proposed Grant Agreement with California Health Facilities Financing Authority, an independent contractor, for receipt of grant funds for renovation projects and purchase of equipment to update pediatric services, in an amount not to exceed \$9,190,074 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 055-2020; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN DOCUMENTS RELATED TO THE DISTRIBUTION OF GRANT FUNDS
McLaughlin-Pelz: 5 Ayes; 1 Absent - Berjis

CA

- 7) Proposed Quote Q-177970 with Lansweeper NV, an independent contractor, containing non-standard terms and conditions, for the purchase of product licenses and support for information technology asset management from November 18, 2020 through November 17, 2021, in an amount not to exceed \$5,293 –
APPROVED AGREEMENT 056-2020
McLaughlin-Pelz: 5 Ayes; 1 Absent - Berjis

CA

- 8) Proposed retroactive acceptance of donation from CNA for registration fees for two Kern Medical Center employees to attend the Health Care Compliance Association “2020 Healthcare Enforcement Compliance Conference” from November 16 through November 18, 2020 –
APPROVED; ADOPTED RESOLUTION 2020-010
McLaughlin-Pelz: 5 Ayes; 1 Absent - Berjis

- 9) Proposed increase in the total maximum payable of Agreement 2016-036 with Cerner Corporation, an independent contractor, by \$12,601,749, from \$58,249,975 to \$70,851,724, to cover the term –
APPROVED
McLaughlin-Brar: 5 Ayes; 1 Absent - Berjis

- 10) Kern County Hospital Authority financial report –
RECEIVED AND FILED
Alsop-Brar: 5 Ayes; 1 Absent - Berjis

- 11) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
Brar-Pelz: 5 Ayes; 1 Absent - Berjis

CA

- 12) Claims and Lawsuits Filed as of October 31, 2020 –
RECEIVED AND FILED
McLaughlin-Pelz: 5 Ayes; 1 Absent - Berjis

ADJOURNED TO CLOSED SESSION

Pelz-McLaughlin

CLOSED SESSION

- 13) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 14) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 15) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Weatherby Locums, Inc., a Florida corporation v. Kern County Hospital Authority, United States District Court, Eastern District of California Case No. 1:20-cv-00949-NONE-JLT – SEE RESULTS BELOW

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

RECONVENED FROM CLOSED SESSION

Pelz-Alsop

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 13 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR MCLAUGHLIN, SECOND BY DIRECTOR BRAR; 1 ABSENT - DIRECTOR BERJIS), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW/RELEASE OF PROCTORING, WITHDRAWAL REQUEST OF ADDITIONAL PRIVILEGES, VOLUNTARY RESIGNATION OF PRIVILEGES AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 14 concerning Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 15 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Weatherby Locums, Inc., a Florida corporation v. Kern County Hospital Authority, United States District Court, Eastern District of California Case No. 1:20-cv-00949-NONE-JLT – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 16 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, DECEMBER 9, 2020, AT 11:30 A.M.

Brar

/s/ Mona A. Allen
Authority Board Coordinator

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



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, December 9, 2020

11:30 A.M.

BOARD RECONVENED

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

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

NON-AGENDA ITEM

MADE FINDING THAT THE NEED TO TAKE ACTION ON A NON-AGENDA MATTER OCCURRED AFTER THE AGENDA WAS POSTED ON FRIDAY, DECEMBER 4, 2020. ON MONDAY, DECEMBER 7, 2020, THE KERN COUNTY HOSPITAL AUTHORITY RECEIVED NOTIFICATION FROM PNC BANK THAT IT IS WILLING TO EXTEND THE MATURITY DATE OF THE LINE OF CREDIT ON SUBSTANTIALLY THE SAME TERMS SET OUT IN THE CREDIT AGREEMENT AND THE GENERAL SECURITY AND PLEDGE AGREEMENT, WHICH REQUIRES THAT THE AUTHORITY PROVIDE WRITTEN EVIDENCE OF INTEREST IN PROCEEDING ON THE TERMS SET FORTH IN THE REVOLVING LINE OF CREDIT PROPOSAL, DATED DECEMBER 8, 2020, ON OR BEFORE DECEMBER 28, 2020. DUE TO THE ECONOMIC CONSEQUENCES OF NOT APPROVING THE REVOLVING LINE OF CREDIT PROPOSAL ON OR BEFORE DECEMBER 28, 2020, IT IS NECESSARY FOR THE BOARD OF GOVERNORS TO CONSIDER THE PROPOSAL AT ITS REGULAR MEETING ON DECEMBER 9, 2020. THE NEXT REGULAR MEETING OF THE BOARD OF GOVERNORS IS SCHEDULED FOR JANUARY 20, 2021

McLaughlin-Alsop: All Ayes

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

DIRECTOR BERJIS REPORTED THAT KERN MEDICAL CENTER HAS MATCHED ITS FIRST INFECTIOUS DISEASE FELLOW, CARLOS D'ASSUMPÇÃO, M.D., WHO IS A THIRD YEAR INTERNAL MEDICINE RESIDENT AT KERN MEDICAL CENTER. HE ALSO ACKNOWLEDGED ASSEMBLYMAN RUDY SALAS FOR HIS EFFORTS AT THE STATE LEVEL TO ENSURE KERN MEDICAL CENTER RECEIVED FUNDING TO SUPPORT THE VALLEY FEVER INSTITUTE

DIRECTOR ALSO THANKED STAFF FOR THE OPPORTUNITY TO PARTICIPATE IN THE KERN MEDICAL CENTER DOC-FOR-DAY PROGRAM. HE REPORTED HAVING A DEEPER APPRECIATION FOR ALL THE GREAT WORK DONE BY KERN MEDICAL CENTER STAFF

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on November 18, 2020 –
WITHDRAWN

CA

- 4) Proposed Agreement with Thyssenkrupp Elevator Corporation, an independent contractor, for design and construction upgrades of the D Wing elevators, effective December 9, 2020, in an amount not to exceed \$2,325,883 –
MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(B)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 057-2020
Pelz-McLaughlin: All Ayes

CA

- 5) Proposed Quote with CDW Logistics, Inc. and Enterprise Agreement with Microsoft, independent contractors, containing nonstandard terms and conditions, for access to subscription licensing and support of Microsoft products from January 1, 2021 through December 31, 2023, in an amount not to exceed \$1,745,000, plus applicable fees and taxes – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 058-2020
Pelz-McLaughlin: All Ayes

CA

- 6) Proposed Agreement with Siemens Medical Solutions USA, Inc., an independent contractor, for preventive maintenance and repairs for the Siemens MRI and CT machines from December 15, 2020 through December 31, 2024, in an amount not to exceed \$1,050,000 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 059-2020
Pelz-McLaughlin: All Ayes

CA

- 7) Letter from Moss Adams LLP, an independent contractor, regarding audit planning of Kern Medical Center financial statements for Fiscal Year ending June 30, 2020 – RECEIVED AND FILED
Pelz-McLaughlin: All Ayes

CA

- 8) Proposed retroactive Adoption Agreement, effective January 1, 2020, and Administrative Service Agreement, effective January 1, 2021, with Administrative Solutions, Inc., an independent contractor, containing nonstandard terms and conditions, for the Kern Medical Center Internal Revenue Code Section 125 Cafeteria Plan for eligible employees – APPROVED; ADOPTED RESOLUTION 2020-011; AUTHORIZED CHAIRMAN TO SIGN AGREEMENTS 060-2020 AND 061-2020
Pelz-McLaughlin: All Ayes

CA

- 9) Proposed Cerner Sales Order OPT-0261698 with Cerner Corporation, an independent contractor, containing nonstandard terms and conditions, for purchase of the Patient Facing Payment Estimator application from January 1, 2021 through December 31, 2023, in an amount not to exceed \$183,381 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 062-2020
Pelz-McLaughlin: All Ayes

- 10) Kern County Hospital Authority financial report – RECEIVED AND FILED
Pelz-Brar: All Ayes

- 11) Kern County Hospital Authority Chief Executive Officer report – RECEIVED AND FILED
Brar-McLaughlin: All Ayes

CA

- 12) Claims and Lawsuits Filed as of November 30, 2020 – RECEIVED AND FILED
Pelz-McLaughlin: All Ayes

- 12A) Proposed extension of the maturity date of the revolving line of credit with PNC Bank, National Association, for a new maturity date not later than March 1, 2022, and delegating authority to certain officers –
APPROVED; ADOPTED RESOLUTION 2020-012; AUTHORIZED AND DIRECTED ANY TWO OF THE FOLLOWING OFFICERS (EACH, AN “AUTHORIZED OFFICER”), FOR AND IN THE NAME OF AND ON BEHALF OF THE AUTHORITY, TO EXECUTE, ACKNOWLEDGE, DELIVER, RECORD AND FILE SUCH AGREEMENTS, DOCUMENTS, INSTRUMENTS AND CERTIFICATES, AND REVISIONS AND CORRECTIONS THEREOF AND AMENDMENTS THERETO, INCLUDING, WITHOUT LIMITATION, THE REVOLVING LINE OF CREDIT PROPOSAL (AGREEMENT 063-2020), TO EXECUTE AN AMENDMENT TO THE CREDIT AGREEMENT, OR A NEW CREDIT AGREEMENT IF THE AUTHORIZED OFFICERS DETERMINE THAT A NEW CREDIT AGREEMENT IS ADVISABLE, AND TO EXECUTE AN AMENDMENT TO THE GENERAL SECURITY AND PLEDGE AGREEMENT, OR A NEW GENERAL SECURITY AND PLEDGE AGREEMENT IF THE AUTHORIZED OFFICERS DETERMINE THAT A NEW GENERAL SECURITY AND PLEDGE AGREEMENT IS ADVISABLE, AS THE AUTHORIZED OFFICERS EXECUTING THE SAME, TOGETHER WITH THE VICE PRESIDENT & GENERAL COUNSEL OF THE AUTHORITY, SHALL APPROVE: CHAIRMAN OF THIS BOARD, VICE-CHAIRMAN OF THIS BOARD, CHIEF EXECUTIVE OFFICER OF THE AUTHORITY, PRESIDENT, HOSPITAL & CLINIC OPERATIONS OF THE AUTHORITY OR CHIEF FINANCIAL OFFICER OF THE AUTHORITY
Pelz-McLaughlin: All Ayes

ADJOURNED TO CLOSED SESSION
McLaughlin-Brar

CLOSED SESSION

- 13) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 14) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
Aisop-Pelz

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 13 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE (MOTION BY DIRECTOR BRAR, SECOND BY DIRECTOR MCLAUGHLIN), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW/RELEASE OF PROCTORING, AUTOMATIC EXPIRATION OF PRIVILEGES; VOLUNTARY RESIGNATION OF PRIVILEGES; AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No 14 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD;
NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, JANUARY 20, 2021 AT 11:30 A.M.
Berjis

/s/ Mona A. Allen
Authority Board Coordinator

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



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

January 20, 2021

SUBJECT: Proposed retroactive Resolution reaffirming the appointment of Russell V. Judd, Alton Scott Thygerson, Andrew J. Cantu, Glenn E. Goldis, M.D., and Antoinette C. Smith, RN, MSN, and affirming the appointment of Tyler S. Whitezell as Officers of the Kern County Hospital Authority, effective July 14, 2020

Recommended Action: Approve; Adopt Resolution

Summary: On April 16, 2016, your Board adopted Resolution No. 2016-004 appointing Russell Judd, Scott Thygerson, Andy Cantu, Dr. Glenn Goldis, Jared Leavitt, and Toni Smith, RN, MSN, to serve as initial officers of the Authority. The action by your Board complied with the state statute, county ordinance, and the hospital Authority's Bylaws for Governance. On January 16, 2019, following the approval of a new Agreement for Professional Services with Meridian Healthcare Partners, Inc., for Chief Executive Officer and healthcare management services to the Authority and Kern Medical Center, your Board adopted Resolution No. 2019-001, reaffirming the appointment of these same officers.

On October 16, 2019, by a unanimous vote of those Directors present, your Board approved the appointment of Alton Scott Thygerson, Chief Strategy Officer, as President, Hospital & Clinic Operations. With this new appointment, on January 15, 2020, your Board adopted Resolution No. 2020-003, reaffirming the appointment of these same officers, albeit with the change in title for Mr. Thygerson.

Chief Operating Officer Jared Levitt resigned effective July 14, 2020. On July 14, 2020, Mr. Judd appointed Tyler Whitezell, Vice President of Administrative Services, as Chief Operating Officer in place of Mr. Levitt.

The Authority is recommending that your Board adopt the attached resolution affirming and reaffirming, as the case may be, the appointment of the following individuals by name and title as officers of the Authority, effective July 14, 2020:

Chief Executive Officer:	Russell V. Judd
President, Hospital and Clinic Operations:	Alton Scott Thygerson
Chief Financial Officer:	Andrew J. Cantu
Chief Medical Officer:	Glenn E. Goldis, M.D.
Chief Operating Officer:	Tyler S. Whitezell
Chief Nursing Officer:	Antoinette C. Smith, RN, MSN

Therefore, it is recommended that your Board approve the recommended action and adopt the attached Resolution.

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

In the matter of:

Resolution No. 2021-____

**REAFFIRMING THE APPOINTMENT OF RUSSELL
V. JUDD, ALTON SCOTT THYGERSON, ANDREW J.
CANTU, GLENN E. GOLDIS, M.D., AND
ANTOINETTE C. SMITH, RN, MSN, AND
AFFIRMING THE APPOINTMENT OF TYLER S.
WHITEZELL TO SERVE AS OFFICERS OF THE
KERN COUNTY HOSPITAL AUTHORITY**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 20th day of January, 2021, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) Health and Safety Code section 101855(a)(6) provides that the Kern County 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) On April 16, 2016, the Board of Governors adopted Resolution No. 2016-004 appointing Russell V. Judd, Alton Scott Thygerson, Andrew J. Cantu, Glenn E. Goldis, M.D., Jared W. Leavitt, and Antoinette C. Smith, RN, MSN, to serve as initial officers of the Hospital Authority; and

(k) On January 16, 2019, the Board of Governors adopted Resolution No. 2019-001 reaffirming the appointments of Russell V. Judd, Alton Scott Thygerson, Andrew J. Cantu, Glenn E. Goldis, M.D., Jared W. Leavitt, and Antoinette C. Smith, RN, MSN, to serve as officers of the Hospital Authority; and

(l) On October 16, 2019, by a unanimous vote of those Directors present, the Board of Governors appointed Alton Scott Thygerson, Chief Strategy Officer, as President, Hospital & Clinic Operations of the Hospital Authority; and

(m) On January 15, 2020, the Board of Governors adopted Resolution No. 2020-003 reaffirming the appointments of Russell V. Judd, Alton Scott Thygerson, Andrew J. Cantu, Glenn E. Goldis, M.D., Jared W. Leavitt, and Antoinette C. Smith, RN, MSN, to serve as officers of the Hospital Authority, effective October 16, 2019; and

(n) Effective July 14, 2020, Jared W. Leavitt resigned his position as Chief Operating Officer; and

(o) On July 14, 2020, Tyler S. Whitezell was appointed Chief Operating Officer by the Chief Executive Officer of the Hospital Authority; and

(m) The Board of Governors desires to reaffirm the appointments of Russell V. Judd, Alton Scott Thygerson, Andrew J. Cantu, Glenn E. Goldis, M.D., and Antoinette C. Smith, RN, MSN, and affirm the appointment of Tyler S. Whitezell to serve as officers of the Hospital Authority, effective July 14, 2020.

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 affirms and reaffirms, as the case may be, the appointment of the following individuals by name and title as officers of the Kern County Hospital Authority, effective July 14, 2020:

Chief Executive Officer:	Russell V. Judd
President, Hospital & Clinic Operations:	Alton Scott Thygerson
Chief Financial Officer:	Andrew J. Cantu
Chief Medical Officer:	Glenn E. Goldis, M.D.
Chief Operating Officer:	Tyler S. Whitezell
Chief Nursing Officer:	Antoinette C. Smith, RN, MSN

3. The provisions of this Resolution shall be effective, in force, and operative as of the 14th day of July, 2020.

4. Resolution No. 2020-003, adopted by the Board of Governors on January 15, 2020, is hereby repealed and superseded by this Resolution.

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

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



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

January 20, 2021

Subject: Proposed Resolution Revising the Extension of Excess Medical Professional Liability Coverage to Kern Medical Employed and Independent Contractor Physicians

Recommended Action: Approve; Adopt Resolution

Summary:

The Kern County Hospital Authority provides professional liability coverage in the form of indemnification for all claims relating to the professional medical services rendered on behalf of the Authority; provided, however, that the indemnification does not extend to any services rendered at any location other than Kern Medical Center and its affiliated clinics without approval of your Board. Effective July 1, 2020, the Authority has self-insured the first \$2,000,000 per medical incident or occurrence and has purchased umbrella coverage of \$25,000,000 in excess of the self-insured retention.

On August 21, 2019, your Board adopted Resolution No. 2019-010, which revised the extension of excess professional liability coverage to Kern Medical Center employed and independent contractor physicians at specific authorized off-site locations. Kern Medical Center is recommending the following to be added to the list of authorized off-site locations:

- Omni Family Health

Extending excess medical professional liability coverage to employed and independent contractor physicians at the additional off-site locations will enable the physicians to generate additional revenue for Kern Medical Center and will provide Kern Medical Center the opportunity to care for patients and continue to build its reputation as a hospital of excellence. There is no added cost to the Authority's medical professional liability program to extend the requested coverage.

The Authority will administer/submit claims, if any, in excess of the \$2,000,000 self-insured retention to CNA, the Authority's excess medical professional liability carrier.

Therefore, it is recommended that your Board approve the recommendation and adopt the attached resolution revising the extension of excess medical professional liability coverage for employed and independent contractor physicians, when providing professional medical services on behalf of Kern Medical Center at the facilities listed in the resolution, effective January 1, 2021.

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

In the matter of:

Resolution No. 2021-____

**REVISED EXTENSION OF EXCESS MEDICAL
PROFESSIONAL LIABILITY COVERAGE
FOR KERN COUNTY HOSPITAL AUTHORITY
EMPLOYED AND INDEPENDENT
CONTRACTOR PHYSICIANS**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 20th day of January, 2021, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority (“Authority”) provides professional liability coverage in the form of indemnification for all claims relating to the services rendered on behalf of the Authority; provided, however, that the indemnification does not extend to any services rendered at any location other than Kern Medical Center and its affiliated clinics without approval of the Board of Governors; and

(b) On June 22, 2016, the Board of Governors adopted Resolution No. 2016-012, which extended excess professional liability coverage to Kern Medical Center employed and independent contractor physicians at specific authorized off-site locations; and

(c) On September 21, 2016, the Board of Governors adopted Resolution No. 2016-018, which revised the extension of excess professional liability coverage to include Millennium Surgery Center, Physicians Plaza Surgical Center, Northwest Surgery Center, and Southwest Surgical Center to the list of authorized off-site locations; and

(d) On March 21, 2018, the Board of Governors adopted Resolution No. 2018-004, which revised the extension of excess professional liability coverage to include Southern California Orthopedic Institute, Bakersfield Specialists Surgical Center, LLC, and Kern Medical Surgery Center, LLC to the list of authorized off-site locations; and

(e) On August 21, 2019, the Board of Governors adopted Resolution No. 2019-010, which revised the extension of excess professional liability coverage to include DaVita Casa Del Rio Ht at Home, DaVita Bakersfield Dialysis Center, and DaVita Northeast Dialysis to the list of authorized off-site locations; and

(f) Kern Medical Center is recommending that Omni Family Health be added to the list of authorized off-site locations; and

(g) Extending excess medical professional liability coverage to employed and independent contractor physicians at these additional off-site locations will enable the physicians to generate additional revenue for Kern Medical Center and will provide Kern Medical Center the opportunity to care for patients and continue to build its reputation as a hospital of excellence; and

(h) The Authority has self-insured the first \$2,000,000 per medical incident or occurrence and has purchased umbrella coverage of \$25,000,000 in excess of the self-insured retention, effective July 1, 2020; and

(i) There is no added cost to the Authority's medical professional liability program to extend the requested coverage to these off-site locations; and

(j) The Authority will administer/submit claims, if any, in excess of the self-insured retention to CNA, the Authority's excess medical professional liability carrier.

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

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

2. This Board finds the best interests of the Authority shall be served by extending excess medical professional liability coverage to Kern Medical Center employed and independent contractor physicians at the following authorized off-site locations:

- (a) Comprehensive Blood and Cancer Center;
- (b) Mercy Hospital;
- (c) Bakersfield Memorial Hospital;
- (d) Adventist Health Bakersfield;
- (e) Bakersfield Heart Hospital;
- (f) Millennium Surgery Center;
- (g) Physicians Plaza Surgical Center;
- (h) Northwest Surgery Center;
- (i) Southwest Surgery Center;
- (j) Bahamas Surgery Center;
- (k) Clinica Sierra Vista;
- (l) Southern California Orthopedic Institute;
- (m) Bakersfield Specialists Surgical Center, LLC;
- (n) Kern Medical Surgery Center, LLC;
- (o) Kern County owned and operated correctional facilities;
- (p) Kern County Behavioral Health and Recovery Services;
- (q) DaVita Casa Del Rio Ht at Home;
- (r) DaVita Bakersfield Dialysis Center;
- (s) DaVita Northeast Dialysis;
- (t) Omni Family Health; and
- (u) Facilities owned or leased and operated by the Authority.

3. The provisions of this Resolution shall be effective, in force, and operative as of the 1st day of January, 2021.

4. Resolution No. 2019-010, adopted by the Board of Governors on August 21, 2019, is hereby repealed and superseded by this Resolution.

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

Kern Medical Center
Chief Executive Officer
Chief Financial Officer
President, Hospital & Clinic Operations
Chief Medical Officer
Vice President, Ambulatory Services
Legal Services Department
Workers' Compensation & Liability Manager
Columbia Casualty Company (CNA)
Alliant Insurance Services, Inc.



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

January 20, 2021

Subject: Proposed retroactive Amendment No. 3 to Agreement with Kern Vascular Call Group, Inc.

Recommended Action: Approve, Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed retroactive agreement with Kern Vascular Call Group, Inc., an independent contractor, for professional medical services in the Department of Surgery.

Therefore, it is recommended that your Board approve the agreement with Kern Vascular Call Group, Inc. for professional medical services in the Department of Surgery for the period January 15, 2018 through January 14, 2021, extending the term for one year from January 15, 2021 through January 14, 2022, increasing the maximum payable by \$565,000 from \$1,350,000 to \$1,915,000 to cover the extended term, and authorize the Chairman to sign.

**AMENDMENT NO. 3
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Kern Vascular Call Group, Inc.)**

This Amendment No. 3 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2021, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Kern Vascular Call Group, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 4901 Centennial Plaza Way, Bakersfield, California 93312.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #094-2017, dated December 13, 2017), Amendment No. 1 (Agt. #09819, dated March 19, 2019), and Amendment No. 2 (Agt. #054-2019, dated September 18, 2019) (collectively the “Agreement”), for the period January 15, 2018 through January 14, 2021, for professional medical services in the Department of Surgery at KMC; and

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

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

(d) The Agreement is amended effective January 15, 2021;

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

1. Section 1, Term, shall be deleted in its entirety and replaced with the following:

“1. **Term.** This Agreement shall be effective and the term shall commence as of January 15, 2018 (the “Effective Date”), and shall end January 14, 2022, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.1, Emergency/Trauma Coverage, shall be deleted in its entirety and replaced with the following:

“4.1.1 **Emergency/Trauma Coverage.** Authority shall pay Contractor a per diem rate of \$1,050 per 24-hour day for emergency/trauma coverage.”

3. Section 4, Payment for Services, paragraph 4.5, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“4.5 Maximum Payable. The maximum payable under this Agreement will not exceed \$1,915,000 over the four-year term of this Agreement.”

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

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

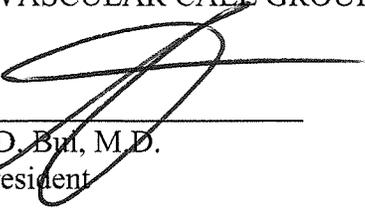
6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

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

[Signatures follow on next page]

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

KERN VASCULAR CALL GROUP, INC.

By 

Hao D. Bui, M.D.
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Vice President & General Counsel
Kern County Hospital Authority

Amend3.Bui.122920



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

January 20, 2021

Subject: Proposed Sales Order OPT-0008295 to the Cerner Business Agreement (Agt.# 2016-036) with Cerner Corporation for the purchase of the Patient Portal Scheduled Visits

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Sales Order Agreement with Cerner Corporation for the Patient Portal Scheduled Visits implementation. The patient portal is used to support Telehealth visits in the ambulatory service line and to allow patients access to their protected health information. Both employees and patient will be able to access their medical record via the Cerner HealtheLife application and web-based portal and contact Kern Medical services as necessary. The patient portal will give patients greater access to their healthcare and allows Kern Medical to comply with its regulatory requirements.

Cerner Corporation’s professional fees for this 36-month engagement are \$172,417, as outlined below. The PEDS grant will provide funding for this project.

Year 1 maximum payable - \$108,817
Years 2 and 3 maximum payable - \$32,800 per year

Solution Description	One Time Fee	Monthly Fee	Term	Total
Scheduled Video Visit Set Up Fee	\$23,513			\$ 23,513
Scheduled Video Visits		\$2350	36	\$ 84,600
HealtheLife Patient Engagement Consulting Domain		\$8084	6	\$ 48,504
Organization Branded HealtheLife Application		\$300	36	\$ 10,800
Organization Branded HealtheLife Application Set Up	\$5,000			\$ 5,000
Total				\$172,417

This Sales Order can be terminated on the last day of the 18th month of effective date by giving 90-day written notice.

Therefore, it is recommended that your Board approve Sales Order OPT-0008295 for the purchase of the Patient Portal Scheduled Visits and ongoing support services for the period January 20, 2021 through January 19, 2024, effective January 20, 2021, with a maximum payable of \$172,417, and authorize the Chairman to sign.



CERNER SALES ORDER

This Cerner Sales Order is made on January 05, 2021 (“Effective Date”), between

Kern County Hospital Authority (“Client”)

and **Cerner Corporation (“Cerner”)**

a local unit of government with its principal place of business at

a Delaware corporation with its principal place of business at

1700 Mount Vernon Ave
Bakersfield, CA 93306-4018, United States
Telephone: (661) 326-2000

2800 Rockcreek Parkway
Kansas City, MO 64117, United States
Telephone: (816) 221-1024

Cerner Sales Contact: Katherine Guetterman
(816) 201-2322
katherine.guetterman@cerner.com

Client agrees to purchase the specific products and services set forth herein, and Cerner agrees to furnish such products and services upon the terms and conditions of this Cerner Sales Order and the Cerner Business Agreement No. 1-3H7XXBV (Client Reference HA # 2016-36), dated July 01, 2016, between Client and Cerner (the “Agreement”).

KERN COUNTY HOSPITAL AUTHORITY

CERNER CORPORATION

Authorized signatory: _____

(signature)

Russell Bigler

(printed name)

Title: Chairman, Board of Governors

Authorized signatory: _____

Teresa Waller

Title: Sr. Director, Contract Management

CLIENT WILL COMPLETE THE FOLLOWING UPON EXECUTION OF THIS CERNER SALES ORDER:

Client Invoice Contact: _____

Contact Phone #: _____

Contact Email Address: _____

Client's account can be managed online at cerner.com by registering for Cerner eBill. To gain access to eBill, contact the Cerner Client Care Center at 866-221-8877 or e-mail ClientCareCenter@cerner.com.

APPROVED AS TO FORM

Legal Services Department

By 
Kern County Hospital Authority



Kern County Hospital Authority
OPT-0008295_Q-35689.1
January 1, 2021



CERNER SALES ORDER

FINANCIAL OVERVIEW

Description	One-Time Fees	Monthly Fees
SOLUTIONS		
Shared Computing Services	28,513.00	*
TOTALS:	28,513.00	*

*Reference the "Solutions" section for the Monthly Fees.

All prices in this Cerner Sales Order are shown in USD. Pricing is valid until February 22, 2021. If this Cerner Sales Order is not executed on or before such date, this pricing is considered null and void and will be subject to revision.

Not applicable is indicated by "-".

PAYMENT TERMS

ONE-TIME FEES			
Description	Payment Number	Percent (%) Of Total Due	Payment Due
Shared Computing Services	1	100%	On the Effective Date

MONTHLY RECURRING FEES		
Description	Percent (%) Of Total Due	Payment Due
Shared Computing Services	100%	Annually beginning on the Effective Date

TERM AND TERMINATION

Other Services. Unless otherwise specified in this section, all other recurring Services (such as subscription services, application services, shared computing services, employer services, recurring professional services, and managed services) begin on the Effective Date, and continue for the term set forth in the "Solutions", "Professional Services", or "Managed Services" sections.

Renewal. At the end of the applicable term, each recurring Service will automatically renew for additional 12 month periods at the rate charged in the final period of the then-current term, unless either party provides the other party with written notification of its intent to terminate the relevant Service no less than 60 days prior to the expiration of the applicable then-current term.

Termination for Convenience. Client shall have a one-time option, but not the obligation, to terminate this Cerner Sales Order, in whole, without cause and for Client's convenience, effective on the last day of the eighteenth (18th) month following the Effective Date ("Early Termination Date"). If Client elects to exercise this termination option, Client must provide Cerner with written notice at least ninety days (90) days prior to the Early Termination Date. Client agrees and will pay all outstanding invoices and all fees for solutions delivered or Services performed through the Early Termination Date.

FEE INCREASES

Cerner may increase the monthly fee for Support services and each recurring service (such as managed services, application services, subscription services, application management services, employer services, transaction services, and Shared Computing Services) any time following the initial twelve (12) month period after such recurring service fees begin (but not more frequently than once in any twelve (12) month period) by giving Client sixty (60) days prior written notice of the price increase. The amount of any increase in the fees shall not exceed the previous calendar year's percentage increase in CPI, plus 1% per annum. Cerner may also increase the fees at any time during the term if a Cerner third party increases the fees to be paid by Cerner, with such increase being limited to the amount of increase in Cerner's fee to the third party.

ASSIGNMENT OF PAYMENTS



Client agrees that Cerner may assign its interest in or otherwise grant a security interest in payments due pursuant to this Cerner Sales Order in whole or in part to an assignee. Cerner will continue to perform its obligations under the Agreement following such assignment or granting of a security interest.

SOLUTIONS

SHARED COMPUTING SERVICES

Mfg. Part No.	Solution Detail Description	Scope of Use Metric	Qty./ Scope of Use Limit	Term (Mo.)	Monthly Range	Extended One-Time Fees	Extended Monthly Fees	Solution Description Code	Third-Party Component(s)	Pass-Through Code	Per Unit One-Time Expansion Fees	Per Unit Monthly Expansion Fees
PY-60141	Scheduled Video Visit Setup Fee	Client	1	--	--	23,513	--	--	--	--	16,500	--
PY-60140	Scheduled Video Visits	Providers	94	36	1-36	--	2,350	SD101009_01	--	--	--	25
PY-27820C	HealthLife: Patient Engagement Consulting	Domain	6	6	1-6	--	8,084	SD100814_01	--	--	--	9,075
PY-27830C	Organization Branded HealthLife App	Each	1	36	1-36	--	300	SD101204_01	--	--	--	300
PY-27831C	Organization Branded HealthLife App - Setup	Client	1	--	--	5,000	--	--	--	--	5,000	--
TOTAL:						28,513	10,734	--	--	--	--	--

SCOPE OF USE

Client will use the solutions set forth in this Cerner Sales Order in accordance with the Documentation and subject to the scope of use limits set forth in the Solutions section. If a scope of use limit is exceeded, Client agrees to pay the applicable Per Unit One-Time and/or Monthly Expansion Fees set forth in the Solutions section, which are valid for 2 year(s) after the Effective Date, and thereafter increase at a rate of 5% per year.

Scope of use will be measured periodically by Cerner's system tools, or, for metrics that cannot be measured by system tools or obtained through industry available reporting sources (e.g. FTEs or locations), Client will provide the relevant information (including records to verify the information) to Cerner at least once per year. Client agrees that if an event occurs that will affect Client's scope of use (such as the acquisition of a new hospital or other new facility), Client will notify Cerner in writing of such event no later than 30 days following the effective date of such event so that Client's scope of use can be reviewed. Any additional fees due under this Section will be payable within 60 days following Client's receipt of an invoice for such fees. Any additional monthly fees will begin on the date the limit was exceeded and shall be paid annually (pro-rated for any partial month).

The pricing in the Solutions section of this Cerner Sales Order is based on the following scope of use metrics, which are defined as follows.

Scope of Use Metric	Scope of Use Definition
Client	A single contractually-designated organization.
Providers	A health professional legally allowed to write prescriptions - physicians (M.D., D.O.), physicians' assistants, or other advanced practitioners.
Domain	A single enterprise environment where software is loaded.
Each	Every one considered separately.

FACILITIES



CERNER SALES ORDER

Permitted Facilities. For use and access by these facilities:

Name	Address	City	State/Province	Zip/Postal Code	Country
Kern County Hospital Authority	1700 Mount Vernon Ave	Bakersfield	CA	93306-4018	United States

The parties may add or substitute Permitted Facilities by amending this section.

SOLUTION DESCRIPTIONS

Each solution with a Solution Description has a code noted in the "Solutions" section of this Cerner Sales Order, and that code can be entered at <https://solutiondescriptions.cerner.com> to view the Solution Description. These Solution Descriptions are incorporated into this Cerner Sales Order by reference and may also be attached as an exhibit to this Cerner Sales Order.

QUOTE ASSUMPTIONS

The following are general assumptions regarding the solutions, services, and project set forth in this Cerner Sales Order.

Scheduled Video Visit Set Up Fee (Part Number PY-60141) includes 50 hours of video visit advisory services to assist with Kern's telehealth strategy.

ADDITIONAL TERMS AND PROVISIONS

SHARED COMPUTING SERVICES

Client Responsibilities. Client agrees to comply with all applicable laws, rules, and regulations as they relate to its use of the Services and its provision of the Services to Users. Client or its Users must obtain all appropriate and necessary authorizations and consents to use or disclose any personally identifiable information in compliance with all federal and state privacy laws, rules, and regulations. Client must have security and privacy policies and procedures in place that govern its Users' ability to access information on or through the Services and to prevent unauthorized access, use, and disclosure of personally identifiable information including, but not limited to, protected health information.

Medical Record. The Services do not constitute a medical record. Client and its Users are responsible for ensuring that the information sent through the Services is incorporated into the applicable patient's medical record as necessary. Client acknowledges that the health information exchanged by Users may not include the individual's full and complete medical record or history. Cerner may leverage a public cloud infrastructure to provide the Services.

Access to Data. Cerner may use and disclose the Data as necessary to perform, analyze and improve the Services, to the extent permitted by law. Cerner may use and disclose performance and usage data for any purpose permitted by law so long as the data does not contain protected health information as defined under HIPAA or Client-specific identifiable information. Data means data that is collected, stored, processed or generated through Client's use of the Services.

Right to Aggregate. Cerner may use or disclose protected health information, as defined by 45 C.F.R. 160.103, to provide data aggregation services as permitted by 45 C.F.R. 164.504(e)(2)(i)(B), including use for statistical compilations, reports and all other purposes allowed under applicable law.



Kern County Hospital Authority
OPT-0008295_Q-35689.1
January 1, 2021

SHARED COMPUTING SERVICES

De-identify and Use Rights. Cerner may de-identify protected health information in accordance with the standards set forth in 45 C.F.R. 164.514(b) and may use or disclose such data unless prohibited by applicable law.

Information Management Tools. Client acknowledges and agrees that the Services are information management tools, many of which contemplate and require the involvement of professional medical personnel, and because medical information changes rapidly, some of the medical information and formulas may be out of date. Information provided is not intended to be a substitute for the advice and professional judgment of a physician or other professional medical personnel. Client acknowledges and agrees that physicians and other medical personnel should never delay treatment or make a treatment decision based solely upon information provided through the Services. Client further acknowledges and agrees that the Services are not intended to diagnose disease, prescribe treatment, or perform any other tasks that constitute or may constitute the practice of medicine or of other professional or academic disciplines.



CERNER SALES ORDER

EXHIBIT A SCOPE OF SERVICES

This Exhibit A defines the Service deliverables (“Scope”) for the Services set forth in this Cerner Sales Order.

SOLUTION DETAIL SCOPE

SHARED COMPUTING SERVICES	
SCHEDULED VIDEO VISIT SETUP (PY-60141)	
Cerner Tasks/Activities	<ul style="list-style-type: none"> Review Video Visit prerequisites and implementation with Client Perform the following tasks, if Cerner hosted: <ul style="list-style-type: none"> Complete package load and configuration, including service directory updates and <i>Citrix</i> configuration Complete networking updates regarding specific ports Add Client to appropriate domain with Cerner Emerging Technology Services Enable Video Visit Validate functionality Train Client trainers/superusers
Client Tasks/Activities	<ul style="list-style-type: none"> Perform the following tasks, if Client hosted: <ul style="list-style-type: none"> Complete package load and configuration, including service directory updates and <i>Citrix</i> configuration Complete networking updates regarding specific ports Update existing appointment type(s) or build new appointment type(s) Provide workflow <i>MPages</i> details Validate functionality Train end users If utilizing Cerner Support, provide 1 phone number for portal users to be redirected to if the video visit must be rescheduled or canceled Participate in weekly meetings with Cerner’s <i>HealthLife</i> consultant to review project scope, tasks, and timelines
Deliverables	<ul style="list-style-type: none"> Provide the ability for Client to schedule and hold virtual visits with Client’s patient population through <i>HealthLife</i> and <i>Cerner Millennium</i>
Project Assumptions	<ul style="list-style-type: none"> Client is familiar with <i>HealthLife</i> Client has considered provider set up needs, such as dual monitors and bandwidth for delivering optimal virtual consults

HEALTHELIFE: PATIENT ENGAGEMENT CONSULTING (PY-27820C)

Cerner Tasks/Activities	<ul style="list-style-type: none"> Coordinate with Client IT and clinical staff on implementation and project management needed based on the assessment
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- Educate Client staff on portal administration tools via online meeting tools using a train the trainer approach
- Provide a standard testing plan template for use in creation of Client testing strategy
- Conduct weekly meetings focused on implementation and training; technical or support staff may be included when appropriate to assist with questions that extend beyond implementation
- Conduct a biannual meeting at Client's facility with Client leadership team, includes:
 - o Set and discuss yearly goals for the *HealthLife* portal and patient engagement
 - o Review progress over the previous 6 months
 - o Review *HealthLife* reports
 - o Review portal roadmap and all new services
 - o Discuss any current ideas logged by Client
- Provide patient engagement education
 - o One session for leadership team
 - o One session for project manager and team members responsible for the portal at Client's organization
- Perform Meaningful Use (MU) readiness for current and future stages
 - o MU readiness assessment for the *HealthLife* portal services
 - o Implementation and training of all services specifically required for MU stages
- Review and assess *HealthLife* services including:
 - o Review workflows of current services active in portal
 - o Review current marketing and education material provided to patients
- Survey staff members to baseline education of portal
- Review best practices guidance to establishing an onboarding strategy for patients
 - o Provide script for enrollment based on organization role
- Educate Client team on best practices for achieving efficient and successful enrollment and patient engagement
- Provide assessment report with recommendations
 - o Include statistical analysis for each service
- Provide reports to Client to help continually track success of portal
 - o Monthly reporting review
 - Run and review *Google Analytics* (if applicable)
 - Run and review *Cerner Sentinel* reports
 - Run and review registration reports (if applicable and non-Cerner registration system is capable)
- Provide support for current MU reports that pertain to *HealthLife*
 - o Assist in running reports and analyzing current numbers to determine if MU requirements are



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- being attained
- Implement and configure all future services released during this contract term, that do not require additional licenses
- Implement and configure current service offerings not being fully utilized today (if applicable):
 - o Secure messaging and attachments
 - o The ability to view, request, cancel, and reschedule appointments via secure messaging capabilities in *Cerner Millennium*
 - o Direct-book scheduling
 - Direct-book scheduling is available only if Client uses Cerner Patient Scheduling
 - o Video Visits
 - Video Visits are available only if Client contracted for monthly service
 - o Health Profile view including medications, immunizations, allergies and health issues
 - o Lab results view
 - o Microbiology view
 - o InfoButton, if Client has custom-content provider
 - o Documents view, including Clinical Notes
 - o Procedures view
 - o Pathology and Radiology view, if Client uses *PathNet* and *RadNet*
 - o Continuity of Care Document (CCD) view
 - o The ability to view, download, and transmit for MU (requires Cerner Direct to transmit)
 - o Patient Information view
 - o Clipboard, if Client meets appropriate prerequisites
 - o Cerner Health identity for third-party applications
 - o Org Branded App, if Client pays appropriate *Google Android* and *Apple iOS* fees
- Build additional services that need to be turned on for *HealthLife* in Client's *Cerner Millennium* domains
 - o Additional services will be built in 1 non-production domain and 1 production domain
 - Cerner will be granted front-end and back-end access to domains
 - o Build could include, depending on the Services activated:
 - HNAUser.exe – Used to build super user and alias messageable providers (responsible for aliasing providers in non-production domain only)
 - Inboxconfig.exe – Used to confirm pool names and configure consumer messaging
 - Corecodebuilder.exe – Used to validate display keys for alias pools and build clipboard-specific fields
 - Bedrock.exe – Used to build banner bar, alias pools, clipboard configurations and InfoButton
 - Coreeventmanager.exe – Used to build out event set hierarchy folders (Client to populate folders)



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	<ul style="list-style-type: none"> ▪ Appreg.exe – Used to configure the email notification text, to launch registration script and clipboard configurations ▪ ClinicalViewManager.exe – Used to validate CCD Template IDs ▪ SIManager.exe – Used to confirm Oracle Internet Directory (OID) for the clinical document generator (CDG) ▪ PMDBConvo.exe – Used to build out custom <i>HealthLife</i> registration conversation <ul style="list-style-type: none"> ▫ Cerner will use a separate registration conversation for <i>HealthLife</i> registration; Client can add the <i>HealthLife</i> fields to other conversations ▫ Includes standard configurations and content (no customization available) ▪ MMFDBTools.exe – Used for clipboard configurations and message attachments ▪ Backend CCL Access – Used for registration updates to DM_INFO table, authorization profile setup for Direct and clipboard configurations ▪ SCPView.exe – Used to cycle servers ▪ OpsViewScheduler.exe and OpsViewMonitor.exe – Used to configure job template and schedule ops job for clipboard ▪ DiscernVisualDeveloper.exe – Used to validate notification and reminder templates for clipboard <ul style="list-style-type: none"> • Re-train and educate staff members using the train-the-trainer method
<p>Client Tasks/Activities</p>	<ul style="list-style-type: none"> • Provide a project manager/employee dedicated part-time or full-time, on-site to: <ul style="list-style-type: none"> o Help drive initiatives across the organization o Own navigating internal resources o Clearly communicate initiatives to C level suite o Help set expectations across staff • Create <i>HealthLife</i> Steering Committee (Cerner strongly recommends) <ul style="list-style-type: none"> o Physician champion(s) o Representatives across multiple clinical practices and medical departments o Patient advocate from Client patient population o Member of Client's internal patient advocate group • Have in-depth knowledge and engagement with the <i>HealthLife</i> administration tools • Collaborate with Cerner to set goals and expectations for the program • Communicate organizations expectations during weekly call • Perform the following build steps for services being activated or changed during this project <ul style="list-style-type: none"> o Define and include clinical results that will be consumer viewable in the event set hierarchy o Define and include microbiology reports that will be consumer viewable in the event set hierarchy o Define and include radiology and pathology reports that will be consumer viewable in the event set hierarchy folder o Define and include document types and clinical notes that will be consumer viewable in the event set hierarchy



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	<ul style="list-style-type: none"> o Schedule appointment build for <i>Cerner Millennium</i> Scheduling Appointment Book o Assign messaging aliases to providers that will be messageable in HealthLife o Build out any additional Message Center inbox pools used for messaging from the portal o Configure and build CCD creation in CDG o Complete clipboard build including: <ul style="list-style-type: none"> ▪ Define and build new document type for patient provided information ▪ Schedule appointment build for <i>Cerner Millennium</i> Scheduling Appointment Book ▪ Interface all scheduled appointments, if a third party is used and Client wishes to enable clipboard or view of upcoming appointments ▪ Build out any additional Message Center inbox pools used for messaging from the portal ▪ Choose existing Workflow <i>MPage(s)</i> or build new Workflow <i>MPage(s)</i> for Clipboard Reconciliation ▪ Add patient submitted data filters to additional workflow <i>MPages</i> ▪ Query and modify codified allergies, immunizations, problems, and procedures available to portal users in clipboard ▪ Build new discrete task array for clipboard forms ▪ Determine necessary control groups for operations job configuration o Configure admin tool, including staff setup, routing rules, and location import o Provide access to clinical and administrative staff to review current workflow o Create marketing material to be distributed to patients <ul style="list-style-type: none"> ▪ Includes responsibility for production, distribution costs, and Client-specific materials around education for the patients o Relaunch marketing campaign for consumers, physicians, clinical staff, and support personnel to promote portal (if deemed necessary) <ul style="list-style-type: none"> ▪ Execute internal and external marketing including communication materials and hosting informational sessions o Conduct system testing <ul style="list-style-type: none"> ▪ Develop and execute a test script, complete testing, and assist with troubleshooting o Conduct ongoing train-the-trainer classes <ul style="list-style-type: none"> ▪ Review training materials and utilize reference manuals and documentation
Assumptions	<ul style="list-style-type: none"> • Client domains for the build are <i>Cerner Millennium</i> domains <ul style="list-style-type: none"> o Multiple domain clients will require additional Cerner Services • <i>HealthLife</i> leverages Cerner Direct, <i>CareAware Multimedia (CAMM)</i>, and CCD templates required for MU Stage 2 and 3 requirements; implementation for these solutions is separate from this Scope and must be completed for view, download, and transmit features to be utilized • <i>HealthLife</i> Clipboard leverages <i>MPages</i>, <i>CareAware Multimedia CAMM</i>, Cerner Scheduling, and Message Center; implementation for these solutions is separate from this Scope and must be completed for clipboard to be utilized • This Service is structured as a monthly service model, in which clients have monthly dedicated consulting for the <i>HealthLife</i> portal; a new Ordering Document must be executed between Client and Cerner for organizations with multiple acute and ambulatory facilities, or multiple <i>Cerner</i>





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	<p><i>Millennium domains</i></p> <ul style="list-style-type: none"> o If there are additional third-party licensing cost for a new service, Client is responsible for contracting for the third-party license o Cerner Services required to implement the services that require the third-party cost are included in this model <ul style="list-style-type: none"> • Client must satisfy the Health Insurance Portability and Accountability Act and other requirements to aggregate and disclose consumer personal health information • Client is responsible for completing the development, build, testing, implementation, and ongoing maintenance of connections from the source system to <i>HealthLife</i> • Client is responsible for downloading and installing all applicable HealthLife packages available at time of implementation and thereafter while <i>HealthLife</i> is utilized by Client as well as procuring additional support for the installation, implementation, testing and ongoing maintenance of the required Web Application Security web servers, hardware and sublicensed software required to connect to <i>HealthLife</i> • Client is responsible for providing all first-tier User support unless Client contracts with Cerner to provide such support • Client is responsible for the configuration and management of a Security Assertion Markup Language 2.0 identity management solution, providing publicly accessible non-production domain, and for support related to accounts (such as usernames, passwords, and logon issues) • When implementing the portal, if Client is not implementing the Cerner Direct and Summary of Care project at the same time, it is Client's responsibility to turn those functionalities on in the portal after the Cerner Direct and Summary of Care projects are finished
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ORGANIZATION BRANDED HEALTHELIFE APP - SETUP (PY-27831C)

Definitions	<ul style="list-style-type: none"> • As used in this Scope, the following terms have the meanings set forth below. Terms not otherwise defined herein have the meanings set forth in the Agreement. <ul style="list-style-type: none"> o Cerner Technology Center(s) (CTC) means the data center facilities intended to provide uninterrupted power and service for Cerner-hosted solutions. Each CTC is designed to significantly reduce downtime and operate under supervision 24 hours per day, 7 days per week ("24 x 7"), every day of the year. Cerner will provide the CTC facility space, cooling, power and management, infrastructure components, and security required to provide the in-scope application services.
Cerner Tasks/Activities	<ul style="list-style-type: none"> • Coordinate with Client on branding and customizable options • Coordinate with Client on creation of app certificates and provisioning process • Coordinate with Client during submission process to various app stores • Submit app on Client's behalf • Submit apps through the Client's account both for initial release and for future upgrades
Client Tasks/Activities	<ul style="list-style-type: none"> • Manage developer accounts and provide Cerner associates access • Provide images and branding



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ORGANIZATION BRANDED HEALHELIFE APP - SETUP (PY-27831C)

	<ul style="list-style-type: none">• Create and manage app certificates and ensure that certificates remain up to date• Choose app name and ensure there are no trademark or other legal issues with the chosen name• Be responsible for the requirements set forth herein to support <i>HealthLife</i> proper only when Client does not leverage Cerner's remote hosting services for its <i>Cerner Millennium</i> electronic medical record (EMR) solutions including:<ul style="list-style-type: none">o <i>IBM WebSphere</i> Application Server (WAS) environment set up and configurationo Package installo Enterprise Archive (EAR) deployment
Project Assumptions	<ul style="list-style-type: none">• Cerner is not responsible for the turnaround time of the <i>Apple</i> or <i>Google</i> review process.• Device token quids are stored and managed through Cerner's U.S. cloud deployment, even for organizations outside the United States. No additional patient information, such as name and login, is tied to the device token.
Trademarks	<ul style="list-style-type: none">• <i>IBM</i> is a trademark of International Business Machines Corporation in the United States, other countries, or both.



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EXECUTION INVOICE

Client: Kern County Hospital Authority
1700 Mount Vernon Ave
Bakersfield, CA 93306-4018, United States

Invoice No: EXEC CSO No. LA-OPT-0008295
Invoice Date: Effective Date
Due Date: Effective Date

Remit: Via FedEx:
Cerner Corporation
Attn: Accounts Receivable, 5th Floor
2800 Rockcreek Parkway
Kansas City, MO 64117

OR

Via Wire Transfer:
ABA Routing Number: 101000187
Bank: US Bank
For Further Deposit to Bank Account: 5290000743

TOTAL AMOUNT DUE: \$108,817

Sales tax, if applicable, will be invoiced separately.

Description	Total Amount	Percent Payable	Net Amount
Shared Computing Services One-Time Fees	\$28,513	100%	\$28,513
Shared Computing Services Monthly Fees - Year 1	\$80,304	100%	\$80,304
GRAND TOTAL:			\$108,817



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

January 20, 2021

Subject: Proposed Second Amendment to Agreement 011-2019 with PNC Bank, National Association (PNC Bank) for a revolving line of credit, effective March 1, 2021, and delegating authority to certain officers

Recommended Action: Approve; Adopt Resolution; authorize and direct any two of the following officers (each, an "Authorized Officer") of the Authority, for and in the name of and on behalf of the Authority, to execute the Second Amendment to Credit Agreement and Bank Note, substantially in the form presented to your Board, with such changes as the Authorized Officers executing the same, together with the Vice President & General Counsel of the Authority, shall approve: Chairman of this Board, Vice-Chairman of this Board, Chief Executive Officer of the Authority, President, Hospital & Clinic Operations of the Authority or Chief Financial Officer of the Authority

Summary:

Pursuant to the authority granted in Resolution No. 2019-004 adopted by your Board on February 20, 2019, and Resolution No. 2019-040, adopted by the Kern County Board of Supervisors on February 26, 2019, the Authority entered into a Credit Agreement with PNC Bank, effective March 1, 2019, to establish a revolving line of credit for the purpose of obtaining funding from time to time for the Authority's working capital and other financial needs.

The Credit Agreement provided for a maximum available principal amount of credit not in excess of \$50,000,000 for a 120-day period and not in excess of \$20,000,000 at any other time (the "Line of Credit") and executed and delivered to PNC Bank a General Security and Pledge Agreement that provided for all indebtedness under the Credit Agreement to be secured by certain personal property of the Authority. The Line of Credit matures on March 1, 2021.

PNC Bank has advised that it is willing to extend the maturity date of the Line of Credit on substantially the same terms set forth in the Credit Agreement and the General Security and Pledge Agreement.

On December 9, 2020, your Board adopted Resolution No. 2020-012, which, among other things, approved the extension of the maturity date of the Line of Credit and authorized the negotiation of an amendment to the Credit Agreement. Such extension and related amendments are memorialized in the attached Second Amendment to Credit Agreement and Bank Note. The new scheduled maturity date is March 1, 2022.

Therefore, it is recommended that your Board approve the above-referenced recommended action.

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

In the matter of:

Resolution No. 2021-____

**APPROVING THE SECOND AMENDMENT TO
THE CREDIT AGREEMENT, BETWEEN THE
KERN COUNTY HOSPITAL AUTHORITY AND
PNC BANK, NATIONAL ASSOCIATION, AND
DELEGATING AUTHORITY TO CERTAIN
OFFICERS**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 20th day of January, 2021, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) On February 20, 2019, the Board of Governors adopted Resolution No. 2019-004, which, among other things, authorized and approved the Kern County Hospital Authority (the "Authority") to incur debt pursuant to a revolving line of credit to be provided by PNC Bank, National Association ("PNC Bank"), and authorized certain

officers of the Authority to execute, acknowledge, deliver, record and file such agreements, documents, instruments and certificates necessary to effect the purposes of Resolution No. 2019-004;

(b) On February 26, 2019, the County of Kern, by action of its Board of Supervisors, adopted Resolution No. 2019-040, which approved the Authority's incurrence of debt under a revolving line of credit to be provided by PNC Bank;

(c) On March 1, 2019, the Authority entered into a Credit Agreement, with PNC Bank, that provided for a maximum available principal amount of credit not in excess of \$50,000,000 for a 120-day period and not in excess of \$20,000,000 at any other time (the "Line of Credit") and executed and delivered to PNC Bank a General Security and Pledge Agreement that provided for all indebtedness under the Credit Agreement to be secured by certain personal property of the Authority;

(d) The Line of Credit matures on March 1, 2021;

(e) PNC Bank has advised that it is willing to extend the maturity date of the Line of Credit on substantially the same terms set out in the Credit Agreement and the General Security and Pledge Agreement;

(f) On December 9, 2020, the Board of Governors adopted Resolution No. 2020-012, which, among other things, approved the extension of the maturity date of the Line of Credit and authorized the negotiation of an amendment to the Credit Agreement; and

(g) Such extension and related amendments are memorialized in the Second Amendment to Credit Agreement and Bank Note (the "Second Amendment").

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

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

2. This Board hereby authorizes and directs any two of the following officers (each, an "Authorized Officer") of the Authority, for and in the name of and on behalf of the Authority, to execute the Second Amendment, substantially in the form presented to this Board, with such changes as the Authorized Officers executing the same, together with the Vice President & General Counsel of the Authority, shall approve: Chair of this Board, Vice-Chair of this Board, Chief Executive Officer of the Authority, President, Hospital & Clinic Operations of the Authority or Chief Financial Officer of the Authority. The execution by any two Authorized Officers of the Second Amendment shall evidence the approval hereby required.

3. This Board hereby authorizes and directs any two Authorized Officers, for and in the name of and on behalf of the Authority, to execute, acknowledge, deliver, record and file such agreements, documents, instruments and certificates, and revisions and corrections thereof and amendments thereto, in each case in a form approved by the Vice President & General Counsel of the Authority, and to perform such other acts and deeds as may, in any such Authorized Officer's discretion and with the approval of the Vice President & General Counsel of the Authority, be deemed necessary or otherwise proper, to effect the purposes of this Resolution and the actions herein authorized.

4. All actions heretofore taken by any Authorized Officer, which are in conformity with the purposes and intent of this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved in all respects.

5. The authority conferred upon each Authorized Officer by this Resolution shall remain in full force and effect until written notice of revocation by further resolutions of this Board shall have been delivered to the other parties to such agreements.

6. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

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

Kern Medical Center
Legal Services Department
PNC Bank, National Association

SECOND AMENDMENT TO CREDIT AGREEMENT AND BANK NOTE

This Second Amendment to Credit Agreement (this “*Second Amendment*”) dated January 20, 2021 (the “*Second Amendment Effective Date*”), is between Kern County Hospital Authority (the “*Authority*”) and PNC Bank, National Association (in such capacity, together with its successors and assigns, the “*Bank*”). All terms used herein and not defined herein shall have the meanings assigned to such terms in the hereinafter defined Agreement.

WITNESSETH

WHEREAS, the Authority and the Bank have previously entered into the Credit Agreement dated as of March 1, 2019, as amended by that certain First Amendment to Credit Agreement executed on September 5, 2019, and effective retroactively to July 1, 2019 (as amended, the “*Agreement*”), pursuant to which the Bank agreed to make one or more Loans to the Authority subject to the terms and conditions set forth in the Agreement;

WHEREAS, pursuant to Section 9.3 of the Agreement, the Agreement may be amended by a written amendment thereto, signed by the Authority and the Bank;

WHEREAS, the parties hereto wish to amend the Agreement as set forth herein;

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. AMENDMENTS TO CREDIT AGREEMENT AND BANK NOTE.

Upon satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement shall be amended as follows:

1.01. The definitions of the terms “*Commitment*” and “*Scheduled Maturity Date*” set forth in Section 1.1 of the Agreement are hereby amended and restated in their entireties as follows:

“*Commitment*” means \$20,000,000.

“*Scheduled Maturity Date*” means March 1, 2022, as such date may be extended in accordance with Section 3.11 hereof.

1.02. Section 1.1 of the Agreement is hereby amended by incorporating the following defined terms “*Alternate Rate*,” “*LIBOR Replacement Rider*” and “*Second Amendment Effective Date*” to be inserted in their appropriate places in the alphabetical order:

“*Alternate Rate*” means, for any day, a fluctuating rate of interest per annum equal to the greater of (i) the Prime Rate; and

(ii) the Overnight Bank Rate plus 0.50. Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs

“*LIBOR Replacement Rider*” means the LIBOR Replacement Rider attached hereto as Exhibit D.

“*Second Amendment Effective Date*” means January 20, 2021.

1.03. Section 1.1 of the Agreement is hereby amended by deleting the defined terms “*Commitment Increase Date*,” “*Commitment Increase Period*,” “*Increase Notice*,” “*Supplemental Fee*” and “*Supplemental Fee Event*.”

1.04. Section 3.1(b) of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

(b) *Daily Reset LIBOR Rate Portion.* (i) The Daily Reset LIBOR Rate Portion shall bear interest at a rate per annum equal to the sum of the Daily Reset LIBOR Rate as from time to time in effect *plus* one hundred and twenty-five basis points (1.25%), *provided* that if the Daily Reset LIBOR Rate Portion is not paid when due (whether by lapse of time, acceleration, or otherwise), and from and after the occurrence and during the continuance of any other Event of Default, such Daily Reset LIBOR Rate Portion shall automatically be converted into and added to the Base Rate Portion and shall thereafter bear interest, whether before or after judgment until payment in full thereof, at the rate per annum equal to the Default Rate from time to time in effect. Interest on the Daily Reset LIBOR Rate Portion shall be payable monthly in arrears on the first Business Day of each calendar month in each year (commencing on the first such date occurring after the date hereof) and on the Termination Date, and interest after maturity of the Bank Note and all payment obligations evidenced thereby (whether by lapse of time, acceleration, or otherwise) shall be due and payable upon demand.

1.05. Section 3.5 of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

Section 3.5. Alternate LIBOR Rate Provisions. If the Bank determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the eurodollar market for the selected term, or adequate means do not exist for ascertaining the Daily Reset

LIBOR Rate, then the Bank shall give notice thereof to the Authority. Thereafter, until the Bank notifies the Authority that the circumstances giving rise to such suspension no longer exist, the availability of the Daily Reset LIBOR Rate shall be suspended and the interest rate for all amounts outstanding hereunder shall be equal to the Alternate Rate.

In addition, if, after the Second Amendment Effective Date, the Bank shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Bank to make or maintain or fund loans based on the Daily Reset LIBOR Rate, the Bank shall notify the Authority. Thereafter, until the Bank notifies the Authority that the circumstances giving rise to such determination no longer apply, the availability of the Daily Reset LIBOR Rate shall be suspended and the interest rate on all amounts outstanding under this Agreement shall be the Alternate Rate.

The LIBOR Replacement Rider attached to this Agreement and incorporated herein by this reference provides a mechanism for determining an alternative rate of interest in the event that the London interbank offered rate is no longer available or in certain other circumstances. The Bank does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "LIBOR" or "Daily Reset LIBOR Rate" or with respect to any alternative or successor rate thereto, or replacement rate therefor. To the extent that any term or provision of the LIBOR Replacement Rider is or may be inconsistent with any term or provision in the remainder of this Agreement or any other Loan Document, the terms and provisions of the LIBOR Replacement Rider shall control.

1.06. The first paragraph of the Bank Note is amended and restated in its entirety as follows:

FOR VALUE RECEIVED, the undersigned, KERN COUNTY HOSPITAL AUTHORITY (the "*Authority*"), HEREBY PROMISES TO PAY to the order of PNC BANK, NATIONAL ASSOCIATION (the "*Bank*"), (i) \$20,000,000, or, in any case, if less, the aggregate unpaid

principal amount of all Loans (as such term is defined in the Agreement hereinafter defined) made by the Bank to the Authority, payable at such times as are specified in the Agreement (as defined below), and (ii) interest on the unpaid principal amount of each Loan made by the Bank, from the date of each such Loan until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Agreement; *provided, however*, all principal of, and all earned interest then accrued on, this Bank Note shall be fully and finally due and payable on the dates set forth in the Agreement.

1.07. The Agreement is hereby amended by adding thereto a new Exhibit D to appear in the appropriate sequence and in the form set forth in Exhibit A attached hereto.

2. CONDITIONS PRECEDENT.

This Second Amendment shall be deemed effective on the Second Amendment Effective Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent (such satisfaction to be evidenced by the Bank's execution and delivery of this Second Amendment):

2.01. Delivery by the Authority of an executed counterpart of this Second Amendment.

2.02. Delivery to the Bank of an opinion of counsel to the Authority, addressed to the Bank and in form and substance satisfactory to the Bank and its counsel.

2.03. Receipt by the Bank of (i) a certified copy of the authorizing resolution of the Authority approving the execution and delivery and performance of its obligations under the Agreement and the Bank Note, as amended hereby and (ii) a customary certificate executed by appropriate officers of the Authority including the incumbency and signature of the officer of the Authority executing this Second Amendment.

2.04. Payment to the Bank on the Second Amendment Effective Date of the reasonable legal fees and expenses of counsel to the Bank.

2.05. All other legal matters pertaining to the execution and delivery of this Second Amendment shall be satisfactory to the Bank and its counsel.

3. REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY.

3.01. The Authority hereby represents and warrants that the following statements shall be true and correct as of the date hereof:

(a) the representations and warranties of the Authority contained in Section 5 of the Agreement and in each of the Loan Documents are true and correct on and as of the

date hereof as though made on and as of such date (except to the extent the same expressly relate to an earlier date and except that the representations contained in Section 5.7 of the Agreement shall be deemed to refer to the most recent financial statements of the Authority delivered to the Bank pursuant to Section 7.5(a) of the Agreement); and

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Second Amendment.

3.02. In addition to the representations given in Section 5 of the Agreement, the Authority hereby represents and warrants as follows:

(a) The execution, delivery and performance by the Authority of this Second Amendment and the Agreement and the Bank Note, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Authority.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Authority of this Second Amendment or the Agreement or the Bank Note, as amended hereby.

(c) This Second Amendment and the Agreement and the Bank Note, as amended hereby, constitute valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against the Authority, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

4. MISCELLANEOUS.

Except as specifically amended herein, the Agreement and the Bank Note shall continue in full force and effect in accordance with its terms. Reference to this Second Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement or any communication issued or made subsequent to or with respect to the Agreement or the Bank Note, it being hereby agreed that any reference to the Agreement or the Bank shall be sufficient to refer to the Agreement and the Bank Note, as hereby amended. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. All capitalized terms used herein without definition shall have the same meanings herein as they have in the Agreement. THIS SECOND AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

This Second Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Second Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

The parties agree that the electronic signature of a party to this Second Amendment shall be as valid as an original signature of such party and shall be effective to bind such party to this Second Amendment. The parties agree that any electronically signed document (including this Second Amendment) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed and delivered by their respective officers hereunto duly authorized as of the Second Amendment Effective Date.

"AUTHORITY"

KERN COUNTY HOSPITAL AUTHORITY

By: _____

Name: Russell V. Judd
Title: Chief Executive Officer

By: _____

Name: Andrew J. Cantu
Title: Chief Financial Officer

APPROVED AS TO FORM:

By: _____

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

"BANK"

PNC BANK, NATIONAL ASSOCIATION

By: _____

Name: Kimberly Ray
Title: Vice President

EXHIBIT A TO THE SECOND AMENDMENT

EXHIBIT D

LIBOR REPLACEMENT RIDER

(a) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in Sections 2, 3 or 4 of the Agreement, if a Benchmark Transition Event or an Early Opt-in Event, as applicable, and its related Benchmark Replacement Date have occurred in respect of any setting of the then-current Benchmark, then, (x) if the Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of “Benchmark Replacement” on the Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment or further action or consent of any other party hereto or to any other Loan Document; and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement” on the Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (Eastern time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Authority without any amendment hereto or to any other Loan Document, or further action or consent of the Authority.

(b) *Benchmark Replacement Conforming Changes.* In connection with the implementation of a Benchmark Replacement, the Bank will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Authority.

(c) *Notices; Standards for Decisions and Determinations.* The Bank will promptly notify the Authority of (i) any occurrence of a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Event, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Bank pursuant to this Rider, including any determination with respect to a rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from the Authority.

(d) *Benchmark Unavailability Period.* Upon the Authority’s receipt of notice of the commencement of a Benchmark Unavailability Period, amounts outstanding hereunder automatically will bear interest at the Fallback Rate. During any Benchmark Unavailability Period, the component of the Fallback Rate based upon the then-current Benchmark, if any, will not be used in any determination of the Fallback Rate.

(e) *Secondary Term SOFR Conversion.* Notwithstanding anything to the contrary herein or in any other Loan Document and subject to the proviso below in this paragraph, if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred in respect of any setting of the then-current Benchmark, then (i) the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder or under any Loan Document in respect of such Benchmark setting (the “*Secondary Term SOFR Conversion Date*”) and subsequent Benchmark settings, without any amendment or further action or consent of any other party hereto or to any other Loan Document; and (ii) loans outstanding on the Secondary Term SOFR Conversion Date bearing interest based on the then-current Benchmark shall be deemed to have been converted to loans bearing interest at the Benchmark Replacement with a tenor approximately the same length as the interest payment period of the then-current Benchmark; provided that, (A) this paragraph (e) shall not be effective unless the Bank has delivered to the Authority a Term SOFR Notice and (B) this paragraph (e) shall not be effective with respect to the Agreement if (I) the Authority has outstanding an interest rate swap with the Bank to hedge, in whole or part, the floating rate risk under the Agreement on the Secondary Term SOFR Conversion Date, and (II) such swap incorporates LIBOR fallback provisions with a Daily Simple SOFR rate as the primary alternative fallback rate for USD LIBOR.

(f) *Certain Defined Terms.* As used in this Rider:

“*Available Tenor*” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, one month.

“*Benchmark*” means, initially, USD LIBOR; provided that if a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Event, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “*Benchmark*” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to paragraph (a) of this Rider.

“*Benchmark Replacement*” means for the Available Tenor the first alternative set forth in the order below that can be determined by the Bank on the applicable Benchmark Replacement Date; provided, however, if (i) the Authority has outstanding an interest rate swap with the Bank on the Benchmark Replacement Date to hedge, in whole or part, the floating rate risk under the Agreement, and (ii) such swap incorporates LIBOR fallback provisions with a Daily Simple SOFR rate as the primary alternative fallback rate for USD LIBOR, then the Benchmark Replacement alternative set forth in clause (1) below shall not apply to the Agreement and the alternative set forth below in clause (2) shall be the first alternative:

(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) the sum of: (a) the alternate benchmark rate that has been selected by the Bank as the replacement for the then-current Benchmark, giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities at such time, and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Bank in its reasonable discretion; provided, further, that, with respect to a Term SOFR Transition Event, on the applicable Benchmark Replacement Date, the “Benchmark Replacement” shall revert to and shall be determined as set forth in clause (1) of this definition, all in accordance with paragraph (e) (Secondary Term SOFR Conversion) above. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes hereof and of the other Loan Documents.

“*Benchmark Replacement Adjustment*” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Bank:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the time such Benchmark Replacement is first set for such Available Tenor that has been selected or recommended by the Relevant Governmental Body for the replacement of such Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the time such Benchmark Replacement is first set for such Available Tenor that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Available Tenor of such Benchmark; and

(2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Bank, giving due consideration to (i) any selection or

recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Bank in its reasonable discretion.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that the Bank decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Bank in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of the Agreement and the Loan Documents).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide the Available Tenor of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date determined by the Bank, which date shall promptly follow the date of the public statement or publication of information referenced therein;

(3) in the case of a Term SOFR Transition Event, the date that is set forth in the Term SOFR Notice provided to the Authority pursuant to this Rider, which date shall be at least 30 days from the date of the Term SOFR Notice; or

(4) in the case of an Early Opt-in Event, the sixth (6th) Business Day after the date notice of such Early Opt-in Event is provided to the Authority.

“*Benchmark Transition Event*” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide the Available Tenor of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Bank, the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide the Available Tenor of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that the Available Tenor of such Benchmark (or such component thereof) is no longer representative.

“*Benchmark Unavailability Period*” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Rider, and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Rider.

“*Daily Simple SOFR*” means, for any day, SOFR, with the conventions for this rate (which may include a lookback) being established by the Bank in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for business loans; provided, that if the Bank decides

that any such convention is not administratively feasible for the Bank, then the Bank may establish another convention in its reasonable discretion.

“*Early Opt-in Event*” means, if the then-current Benchmark is USD LIBOR, the occurrence of:

(1) a determination by the Bank that at least five (5) currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate, and

(2) the election by the Bank to trigger a fallback from USD LIBOR and the provision by the Bank of written notice of such election to the Authority.

“*Fallback Rate*” means the alternative rate of interest that would have been applicable under the terms of the Agreement (absent this Rider) if the Bank had given notice that USD LIBOR had become unavailable or, if no such alternative rate is specified, the Base Rate.

“*Floor*” means the minimum rate of interest, if any, provided under the terms of the Agreement with respect to USD LIBOR or, if no minimum rate of interest is specified, zero.

“*Governmental Authority*” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“*ISDA Definitions*” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“*Relevant Governmental Body*” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

“*SOFR*” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“*SOFR Administrator*” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“*SOFR Administrator’s Website*” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“*Term SOFR*” means, for the applicable Available Tenor, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“*Term SOFR Notice*” means a notification by the Bank to the Authority of the occurrence of a Term SOFR Transition Event.

“*Term SOFR Transition Event*” means the determination by the Bank that (1) Term SOFR has been recommended for use by the Relevant Governmental Body, and is determinable for the Available Tenor, (2) the administration of Term SOFR is administratively feasible for the Bank and (3) a Benchmark Transition Event has previously occurred resulting in a Benchmark Replacement in accordance with this Rider that is not Term SOFR.

“*Unadjusted Benchmark Replacement*” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“*USD LIBOR*” means, for purposes of this Rider only, any interest rate that is based on the London interbank offered rate for U.S. dollars.



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

January 20, 2021

Subject: Proposed Engagement Letter and Professional Services Agreement with Moss Adams LLC to audit the Kern County Hospital Authority Deferred Compensation Plan for Physician Employees

Recommended Action: Approve; Authorize Chairman to sign

Summary:

The Authority sponsors the Kern County Hospital Authority Deferred Compensation Plan for Physician Employees (the "Plan"), an Internal Revenue Code Section 401(a) defined contribution, money purchase retirement plan, for eligible physician employees of Kern Medical Center.

The Plan provides that a Pension Committee appointed by your Board shall oversee administration of the Plan. The Pension Committee has the sole and exclusive fiduciary responsibility over the assets of the Plan, and is responsible to administer the Plan in a manner that will assure prompt delivery of benefits and to hold the Plan's assets for the exclusive purposes of providing benefits to the Plan participants and their beneficiaries.

Section 8.3 of the Plan states the Pension Committee has all of the powers and duties necessary to accomplish these purposes including recommending to your Board the appointment of any service provider that the Pension Committee determines is necessary or desirable in connection with administration of the Plan, including auditors.

Historically the Kern County Auditor-Controller audited the Plan every two years. The last audit was in 2017, for the Plan year ending December 31, 2015. The Pension Committee recommends that your Board engage Moss Adams LLC to audit the financial statements of the Plan, which comprise the statements of net assets available for benefits as of December 31, 2020, 2019, 2018, 2017 and 2016.

Fees for the audit services are estimated at \$75,000. In addition to the audit fees, we will be charged for expenses including a flat expense charge, calculated as 5% of the audit fees (\$3,750), to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel and related expenses will be billed separately and are not included in the 5% charge.

Therefore, it is recommended that your Board approve the Engagement Letter and Professional Services Agreement with Moss Adams LLC to audit the Kern County Hospital Authority Deferred Compensation Plan for Physician Employees, effective January 20, 2021, in an amount not to exceed \$100,000, and authorize the Chairman to sign.

January 20, 2021

Kern County Hospital Authority Deferred Compensation Plan for Physician Employees
1115 Truxtun Avenue
Bakersfield, CA 93301-4639

Re: Audit Services

This engagement letter (“Engagement Letter”) and the attached Professional Services Agreement, which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP (“Moss Adams,” “we,” “us,” and “our”) will provide to Kern County Hospital Authority Deferred Compensation Plan for Physician Employees (“you,” “your,” and “Plan”).

Scope of Services – Audit

You have requested that we audit the financial statements of the Plan, which comprise the statements of net assets available for benefits as of December 31, 2020, 2019, 2018, 2017 and 2016, and the related statements of changes in net assets available for the years then ended (respectively), and the related notes to the financial statements.

Timing

Stephen Redmond is responsible for supervising the engagement and authorizing the signing of the reports. We will coordinate with you as to when we will begin the audit. We anticipate approximately four to six weeks of fieldwork. As we reach the conclusion of the audits, we will coordinate with you the date the audited financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the financial statements are available for issuance, (2) you will disclose in the notes to the financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff’s unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Fees

We estimate that our fees for the services will not exceed \$100,000 for the audits as described above.

In addition to fees, we will charge you for expenses. Our invoices include a flat expense charge, calculated as five percent (5%) of fees, to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel expenses and client meals expenses not to exceed \$500 will be billed separately and are not included in the 5% charge.

Reporting

We will issue written reports upon completion of our audits of the Plan's financial statements as of and for the years ended December 31, 2016 through December 31, 2020. Our report will be addressed to the Board of Governors of the Plan. Because of the significance of the information that we will not audit due to the scope limitation described above, we will not express an opinion on the financial statements. Circumstances may arise in which it is necessary for us to modify our opinion for additional matters, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our reports on your financial statements as of and for the years ending December 31, 2016 through 2020.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,



Stephen Redmond, for
Moss Adams LLP

Enclosures

Accepted and Agreed:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Kern County Hospital Authority Deferred Compensation Plan for Physician Employees with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature: _____

Print Name: _____

Title: _____

Date: _____

Client: #
v. 6/18/2020

PROFESSIONAL SERVICES AGREEMENT

Limited Scope Benefit Plan Audit

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services that Moss Adams will provide to the Plan. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objective of the Audit

Our audit will be conducted in accordance with U.S. generally accepted auditing standards except that, as instructed by you, we will not perform any auditing procedures with respect to information prepared and certified to by Wells Fargo or TIAA-CREF, the custodians, other than comparing the information with the related information included in the financial statements and supplemental schedules. Because of the significance of the information that we will not audit, we will not express an opinion on the financial statements as a whole or on the supplemental schedules. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified to by the qualified institution, will be audited by us in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). If, for any reason, we are unable to complete the engagement, we will not issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, direct confirmation of certain investments, except those certified to by the custodian, and certain other assets and liabilities by correspondence with financial institutions, and other third parties. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. The supplemental schedules will be subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. At the conclusion of our audit, we will require certain written representations from management about the financial statements and supplemental schedules and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested, except that assets and related transactions certified to by the qualified institution will not be tested. Also, we will plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. Such material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws or regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws or regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform you of any noncompliance with the provisions of laws or regulations that come to our attention, unless clearly inconsequential, and will include prohibited transactions in the supplemental schedule of nonexempt transactions as required by the Form 5500 instructions. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

Except as it relates to investments and investment earnings certified to by the qualified institution, our audit will include obtaining an understanding of the Plan and its environment, including its internal control sufficient to assess the risks of material misstatements of the financial statements whether due to error or fraud and to design the nature, timing, and extent of further audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in the design or operation of internal control. However, if, during the audit, we become aware of any matters involving internal control or its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, we will communicate them in writing to management and those charged with governance. We will also identify if we consider any significant deficiency, or combination of significant deficiencies, to be a material weakness.

In conjunction with obtaining an understanding of the Plan's internal control, we will request reports on internal control ("System and Organization Control for Service Organizations reports") from the Plan's third party service providers. The Plan's use of service providers who do not have System and Organization Control for Service Organizations reports for the period under audit, have inadequate reports, or have control exceptions documented in their reports may impact the estimated fees of the engagement. Service providers are not required to furnish System and Organization Control for Service Organizations reports. However, our inability to obtain information regarding the Plan's processes and controls

from third party providers would be considered a scope limitation and may affect our ability to provide an opinion on the financial statements. If we are unable to issue a report on the financial statements, we will notify you immediately.

We may assist management in the preparation of the Plan's financial statements and supplemental schedules. Regardless of any assistance we may render, all information included in the financial statements and supplemental schedules remains the representation of the Plan's management. We may issue a preliminary draft of the financial statements and supplemental schedules to you for your review. Any preliminary draft financial statements and supplemental schedules should not be relied upon, reproduced or otherwise distributed without the written permission of Moss Adams.

Management's Responsibility for Financial Statements

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America which includes the determination of the appropriate value of investments. Management is also responsible for determining if the certification from the qualified institution includes the appropriate valuation of investments as of the plan's year end. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, the safeguarding of assets, and if applicable, the acceptance of the actuarial methods and assumptions used by the actuary. You are responsible for informing us about all known or suspected fraud affecting the Plan involving: (a) Plan management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, regulators or others. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole. Management is also responsible for identifying and ensuring that the Plan complies with applicable laws and regulations.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement, management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the Plan from whom we determine it necessary to obtain audit evidence.

Management's Responsibility for Supplemental Schedules

Management is responsible for the preparation of the supplemental schedules in accordance with the applicable criteria. Management agrees to include the auditor's report on the supplemental schedules in any document that contains the supplemental schedules and that indicates that we have reported on such supplemental schedules. Management is responsible to present the supplemental schedules with the audited financial statements or, if the supplemental schedules will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplemental schedules no later than the date of issuance by the entity of the supplemental schedules and the auditor's report thereon. For purposes of this Agreement, audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by management. For example, financial statements on your Web site may be considered readily available, but being available upon request is not considered readily available.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplemental schedules, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable

to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the Plan's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the Plan's financial statements and supplemental schedules that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the Plan's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the Plan further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the Plan's financial statements and supplemental schedules resulting in whole or in part from knowingly false or misleading representations made to us by any member of the Plan's management.

Fees and Expenses

The Plan acknowledges that the following circumstances will result in an increase of our fees which are stated as not to exceed \$100,000:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;
- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and
- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing time and technology expenses, may be passed through at our estimated cost and may be billed as a flat charge or a percentage of fees. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your Plan records are the primary records for your operations and comprise the backup and support for the Plan's financial reports and tax returns. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Use of Third-Party Service Providers

We may use third-party service providers in serving you. In such circumstances, if we need to share confidential information with these service providers, we will require that they maintain the confidentiality of your information.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the Plan. The Plan agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the Plan, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The Plan may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Non-licensed Personnel

Certain engagement personnel, who are not licensed as certified public accountants, may provide services during this engagement.

Dispute Resolution Procedure, Venue and Limitation Period

This Agreement shall be governed by the laws of the state of California, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

If the claim or dispute cannot be settled through mediation, each party hereby irrevocably consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in Kern County, state of California, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon thirty (30) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination, (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.

Mutual Waiver of COVID-19 Claims

The parties acknowledge their respective understanding of the hazards of the novel coronavirus and resulting disease, COVID-19, including, but not limited to, its highly contagious nature and the corresponding health risks associated with being exposed to or infected by COVID-19. Each party agrees to waive, release, and discharge, and covenants not to sue the other party or its affiliates and its and their respective officers, directors, partners, principals, employees, agents, or subcontractors from any and all claims, damages, expense, liability, illness or losses that may occur from exposure to or infection by COVID-19 arising out of, related to, or in any way connected with the auditing services provided by Moss Adams under this Engagement Letter.

Liability of Kern County Hospital Authority

The liabilities or obligations of Kern County Hospital Authority with respect to its activities pursuant to this Agreement shall be the liabilities or obligations solely of Kern County Hospital Authority and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California. (Health & Saf. Code, § 101853, subd. (g).)



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

January 20, 2021

Subject: Proposed retroactive Agreement with Moss-Adams LLP

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an Agreement with Moss-Adams LLP, an independent contractor for financial auditing services.

The primary purpose of an external financial audit is to conduct an audit sufficient to express an opinion as to whether the Kern County Hospital Authority's financial statements are fairly presented in accordance with Generally Accepted Accounting Principles and whether supplementary information is fairly presented in relation to the basic financial statements. The audit will include an evaluation and report of the authority's internal control for the purpose of identifying areas of weakness or noncompliance.

The agreement is for a term of three years from January 1, 2021 through March 31, 2024, in an amount not to exceed \$622,000.

Therefore, it is recommended that your Board approve the Agreement with Moss-Adam LLP and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Moss Adams LLP)**

This Agreement is made and entered into this ___ day of January 2021, between the Kern County Hospital Authority, a local unit of government (“KCHA”), which owns and operates Kern Medical Center (“KMC”), and Moss Adams LLP, a Washington limited liability partnership (“Contractor”), with its national office located at 999 Third Avenue, Suite 2800, Seattle, Washington 98104.

**I.
RECITALS**

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

(b) KCHA requires the assistance of Contractor to provide external auditing services to the KCHA, as such services are unavailable from KCHA resources, and Contractor, by reason of its qualifications and experience for doing the type of work herein contemplated, agrees to provide such services on the terms and conditions set forth in this Agreement; and

(c) KCHA contracts with Contractor as an independent contractor for the provision of external financial statement auditing services (Agt. #06918, dated October 17, 2018), under an agreement term August 17, 2018 through August 16, 2021 for the fiscal years ended June 30, 2018, June 30, 2019, and June 30, 2020; and

(d) Each party expressly understands and agrees that Agt. #06918 is terminated upon completion of financial statement auditing services for the fiscal year ended June 30, 2020 and is succeeded by this Agreement.

(e) KCHA is now contracting with Contractor as an independent contractor for the provision of external financial statement auditing services for the fiscal years ended June 30, 2021, June 30, 2022, and June 30, 2023;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The term of this Agreement shall commence January 1, 2021 (the “Effective Date”), and shall end March 31, 2024, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

2. **Obligations of Contractor.**

2.1 **Specified Services.** Contractor shall perform the services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference. Such services may be changed from time to time by agreement of the parties in accordance with the provisions of this Agreement. Each audit shall be documented in an engagement agreement (collectively, “Engagement Agreement”), which Engagement Agreement shall incorporate and be governed by the terms of this Agreement and attached as an exhibit to Exhibit “A” (starting with Exhibit “A-1,” followed by Exhibit “A-2” and “A-3” in subsequent audit years).

2.2 **Representations.** Contractor makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement: (i) Contractor has the expertise and support staff necessary to provide the services described in this Agreement; and (ii) Contractor does not have any actual or potential interests adverse to the KCHA nor does Contractor represent a person or firm with an interest adverse to the KCHA with reference to the subject of this Agreement; and (iii) Contractor shall diligently provide all required services in a timely and professional manner in accordance with the terms and conditions set forth in this Agreement.

2.3 **Standard of Care.** KCHA has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees that all of its work will be performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor’s work by the KCHA shall not operate as a waiver or release.

2.4 **Performance Standard.** Contractor shall perform all services hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor’s profession. If KCHA determines that any of Contractor’s work is not in accordance with such level of competency and standard of care, KCHA, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with KCHA to review the quality of the work and resolve matters of concern; (b) require Contractor to repeat the work at no additional charge until it is satisfactory; (c) terminate this Agreement pursuant to the provisions of section 35; or (d) pursue any and all other remedies at law or in equity.

2.5 **Assigned Personnel.** Contractor shall assign only competent personnel to perform the Services hereunder. In the event that at any time KCHA, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform the Services hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from KCHA.

2.6 **Taxes.** Contractor agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Contractor agrees to indemnify and hold KCHA harmless from

any liability which it may incur to the United States or to the state of California as a consequence of Contractor's failure to pay, when due, all such taxes and obligations. In case KCHA is audited for compliance regarding any withholding or other applicable taxes, Contractor agrees to furnish KCHA with proof of payment of taxes on these earnings.

2.7 Nonexclusive Services. Contractor understands and agrees that KCHA will utilize the services of Contractor pursuant to the terms of this Agreement on a non-exclusive basis. Contractor further agrees that KCHA shall retain the option to enter into agreements with other organizations for purposes of securing the services, in its sole discretion.

3. **Obligations of KCHA.**

3.1 KCHA Designee. KCHA will designate a primary contact, who will arrange for KMC staff assistance as may be required.

3.2 Control Retained in KMC. In compliance with title 22, California Code of Regulations, section 70713, KMC will retain professional and administrative responsibility for services rendered under this Agreement. Contractor shall apprise KMC of recommendations, plans for implementation and continuing assessment through dated and signed reports which shall be retained by KMC for follow-up action and evaluation of performance.

4. **Payment for Services.**

4.1 Fees and Charges. As consideration for the services provided by Contractor hereunder, KCHA will pay Contractor in accordance with the fee schedule set forth in Exhibit "B," attached hereto and incorporated herein by this reference. All services are payable in arrears.

4.2 Travel Reimbursement. Contractor will be reimbursed for all approved travel expenses, which approval will not be unreasonably withheld, incurred by Contractor on behalf of KCHA in an amount not to exceed \$15,000.00 each year over the three (3) year term of this Agreement. Reimbursement of travel expenses will include actual cost for lowest refundable coach round-trip airfare, local transportation (rental cars are reimbursable at actual cost for compact or midsize vehicles only; per mile reimbursement for personal vehicle use at the current privately owned vehicle [POV] mileage reimbursement rate established by the U.S. General Services Administration), meals and incidental expenses at the current domestic per diem rates established by the U.S. General Services Administration for Kern County ("County"), and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by County. Travel-related expenses will be billed monthly, as incurred, and are payable in arrears within 30 days of receipt and approval of each invoice by KMC.

4.3 Invoices. Invoices for payment shall be submitted in a form approved by KCHA and list each service performed. Invoices and receipts shall be sent to KCHA for review and processing within 60 days of the date of service or payment will not be made. Payment shall be made to Contractor within 30 days of receipt and approval of each invoice by KMC.

4.4 Maximum Payable. The maximum payable under this Agreement will not exceed \$622,000.00 over the three (3) year term of this Agreement, unless separately agreed to by KCHA and Contractor in writing and signed by both parties through a formal written amendment to this Agreement.

4.5 Taxpayer Identification. To ensure compensation is reported as paid to the proper party, Contractor will complete and execute IRS Form W-9 (Exhibit "C," attached hereto and incorporated herein by this reference), which identifies the taxpayer identification number for Contractor.

5. Access to Books and Records. Until the expiration of four (4) years after the expiration or termination of this Agreement, KMC and Contractor shall make available, upon written request of the Secretary of the United States Secretary of Health and Human Services ("Secretary") or the Comptroller General of the United States General Accounting Office ("Comptroller General"), or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records of either party as are necessary to certify the nature and extent of costs of the services Contractor provided under this Agreement. Contractor further agrees that if it carries out any of its duties under this Agreement through a subcontract with a value or cost of \$10,000 or more over a 12-month period with a related organization, that such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

6. Assignment. Contractor shall not assign, delegate, sublet, or transfer any interest in or duty under this Agreement. Contractor shall not assign any money due or which becomes due to Contractor under this Agreement without the prior written approval of KCHA.

7. Audits, Inspection and Retention of Records. Contractor shall make available, upon written request from KCHA or KMC, the Secretary of Health and Human Services, the Comptroller General of the United States, or any other duly authorized agent or representative, this Agreement, and Contractor's books, documents and records. Contractor shall preserve and make available such books, documents and records for a period of seven (7) years after the termination or expiration of this Agreement. If Contractor is requested to disclose books, documents or records pursuant to this section for any purpose, Contractor shall notify KMC of the nature and scope of the request, and Contractor shall make available, upon written request of KMC, all such books, documents or records. Notwithstanding the foregoing, or anything to the contrary in this Agreement, KCHA and KMC shall not have access to audit work papers, in order to protect the integrity of the audit. If there is a question regarding any recommended audit adjustments, work papers may be made available to KCHA or KMC in support of conclusions made by Contractor.

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

9. **Captions.** The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

10. **Change in Law.** In the event that a change in state or federal law or regulatory requirement (or the application thereof), any of which renders this Agreement illegal, impossible to perform, or commercially impracticable, the parties agree to negotiate immediately, in good faith, any necessary or appropriate amendment(s) to the terms of this Agreement. If the parties fail to reach a mutually agreeable amendment within 30 days of such negotiation period, this Agreement shall automatically terminate at the end of such 30-day period.

11. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the state of California. It is expressly acknowledged that this Agreement has been entered into and will be performed within the County of Kern. Should any suit or action be commenced to enforce or interpret the terms of this Agreement or any claim arising under it, it is expressly agreed that proper venue shall be in County of Kern, state of California.

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

13. **Confidentiality.**

13.1 **Use and Disclosure Restrictions.** Neither party shall, without the written consent of the other, communicate confidential information of the other, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that the receiving party would protect its own confidential information. The foregoing obligations will not restrict either party from disclosing confidential information of the other party: (i) pursuant to applicable law; (ii) pursuant to the order or requirement of a court, administrative agency, or other governmental body, on condition that the party required to make such a disclosure gives reasonable written notice to the other party to contest such order or requirement; and (iii) on a confidential basis to its employees, contractors, services providers, and legal or financial advisors.

13.2 **Trade Secrets.** The parties acknowledges that each party, in connection with its business, has developed certain operating manuals, symbols, trademarks, trade names, service marks, designs, patient lists, procedures, processes, and other copyrighted, patented, trademarked, or legally protectable information which is confidential and proprietary to the party that constitute its trade secrets. The parties shall not use any name, symbol, mark, or other proprietary information of the other party except as expressly permitted.

13.3 **Medical Records.** If applicable, the parties agree to maintain the confidentiality of all medical records pertaining to the provision of services under this Agreement in accordance with applicable federal and state laws and regulations including, but not limited to, the California Confidentiality of Medical Records Information Act, codified at section 56.1 of the California

Civil Code, California Evidence Code sections 1156 and 1157, and the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations.

13.4 Protected Health Information. Contractor and KCHA recognize that in performing services, Contractor may receive, create or otherwise have access to protected health information (“PHI”) and thereby become a business associate of KCHA or KMC (as defined by the privacy, security, breach notification, and enforcement rules at 45 C.F.R. Part 160 and Part 164). Accordingly, the parties shall protect PHI in accordance with the HIPAA Business Associate Addendum, attached as Exhibit “D” and incorporated herein by this reference. In the event of a conflict between Exhibit “D” and any other confidentiality provision of this Agreement, Exhibit “D” shall control.

13.5 Ownership of Records. All final audit reports and other complete deliverables prepared by Contractor or Contractor’s assigned personnel during and in connection with this Agreement and provided to KCHA, excluding any Contractor Material (defined below) contained or embodied therein (hereafter, “Deliverables”), shall be the property of KCHA at all times. Upon the expiration or termination of this Agreement, Contractor shall promptly deliver to KCHA all such Deliverables, which have not already been provided to KCHA in such form or format as the parties mutually agree. Such Deliverables shall be and will remain the property of KCHA, subject to any restriction or limitation set forth in the Engagement Agreement. In addition, KCHA may not alter or modify the audit report or any other Deliverable issued in Contractor’s name. Contractor may retain copies of the above described Deliverables but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of KCHA. Contractor shall own its workpapers and general accounting-related skills, know-how, expertise, ideas, concepts, methods, techniques, processes, software, materials or other intellectual property which may have been discovered, created, received, developed or derived by Contractor either prior to or as a result of providing services under the Agreement (collectively, "Contractor Materials"). KCHA shall have a non-exclusive, non-transferable license to use Contractor Materials for its own internal use and for the purposes for which they are delivered to the extent they form part of a Deliverable. Notwithstanding anything to the contrary in this Agreement, Contractor and its personnel are free to use and employ their general skills, know how, and expertise, and to use, disclose, and employ any generalized ideas, concepts, know-how, methods, techniques, or skills gained or learned during the course of this Agreement so long as they acquire and apply such information without any unauthorized use or disclosure of confidential or proprietary information of KCHA.

14. Conflict of Interest. Contractor covenants that it has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, KCHA may immediately terminate this Agreement by giving written notice thereof.

15. **Consent.** Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

16. **Construction.** To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and KCHA acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and KCHA acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

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

18. **Disqualified Persons.** The parties mutually represent and warrant to one another that they and their respective representatives are not: (i) currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. section 1320a-7b-(f) (the “Federal health care programs”) and/or present on the exclusion database of the Office of the Inspector General (“OIG”) or the Government Services Administration (“GSA”); (ii) convicted of a criminal offense related to the provision of health care items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) debarred, suspended, excluded or disqualified by any federal governmental agency or department or otherwise declared ineligible from receiving federal contracts or federally approved subcontracts or from receiving federal financial and nonfinancial assistance and benefits. This shall be an ongoing representation and warranty during the term of this Agreement and a party shall immediately notify the other party of any change in the status of any of the representations and/or warranties set forth in this section. Any breach of this section shall give the non-breaching party the right to terminate this Agreement immediately.

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

20. **Immigration Compliance.** Contractor shall comply with all provisions of immigration law with respect to hiring, recruiting or referring for employment persons whose authorization for employment in the United States has been verified, and shall provide KMC with confirmation of such verification required in 8 USCA section 1324a, if requested by KCHA. Without limiting the generality of the indemnification in section 21, Contractor agrees to indemnify, defend, and

hold harmless KCHA, its agents, officers, and employees, from any liability, damages, or causes of action arising out of Contractor's failure to comply with this section.

21. **Indemnification and Hold Harmless.** Contractor agrees to indemnify, defend and hold harmless KCHA and KCHA'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, but not limited to, reasonable attorneys' fees of Hospital Counsel and counsel retained by KCHA, expert fees, costs of staff time, and investigation costs) of whatever kind or nature, which arise out of or are in any way connected with personal injury (including death) or damage to real or tangible personal property, to the extent caused by any act or omission of Contractor or Contractor's officers, agents, employees, independent contractors, subcontractors of any tier, or authorized representatives. Without limiting the generality of the foregoing, the same shall include bodily and personal injury or death to any person or persons; damage to any property, regardless of where located, including the property of KCHA; and any workers' compensation claim or suit arising from or connected with any services performed pursuant to this Agreement on behalf of Contractor by any person or entity.

In addition, Contractor agrees to indemnify, defend and hold harmless KCHA and KCHA'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, but not limited to, reasonable attorneys' fees of Hospital Counsel and counsel retained by KCHA, expert fees, costs of staff time, and investigation costs) of whatever kind or nature, to the extent arising out of or caused by a breach of confidentiality by Contractor or Contractor's officers, agents, employees, independent contractors, subcontractors of any tier, or authorized representatives.

As a condition to the foregoing indemnity obligations, KCHA shall provide Contractor with prompt notice of any claim for which indemnification shall be sought hereunder and shall cooperate in all reasonable respects with Contractor in connection with any such claim. Contractor shall be entitled to control the handling of any such claim and to defend any such claim, in its sole discretion, with counsel of its own choosing.

22. **Independent Contractor.** In the performance of the services under this Agreement, Contractor shall be, and acknowledges that Contractor is in fact and law, an independent contractor and not an agent or employee of KCHA. Contractor has and retains the right to exercise full supervision and control over the manner and methods of providing services to KCHA under this Agreement. Contractor retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting Contractor in the provision of services under this Agreement. With respect to Contractor's employees, if any, Contractor shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employment taxes whether federal, state or local, and compliance with any and all other laws regulating employment.

23. **Insurance.** With respect to performance of work under this Agreement, Contractor shall maintain and shall require its subcontractors, consultants, and other agents providing services to KCHA under this Agreement to maintain, insurance as described in Exhibit “E,” attached hereto and incorporated herein by this reference.
24. **Liability of KCHA.** The liabilities or obligations of KCHA with respect to its activities pursuant to this Agreement shall be the liabilities or obligations solely of KCHA and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California. (Health & Saf. Code, § 101853, subd. (g).)
25. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.
26. **No Third Party Beneficiaries.** It is expressly understood and agreed that the enforcement of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to KCHA and Contractor. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of KCHA and Contractor that any such person or entity, other than KCHA or Contractor, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.
27. **Non-appropriation.** KCHA reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, KCHA will be released from any further financial obligation to Contractor, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Contractor will be given 30 days’ prior written notice in the event that KCHA requires such an action.
28. **Non-collusion Covenant.** Contractor represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with KCHA. Contractor has received from KCHA no incentive or special payments, nor considerations, not related to the provision of services under this Agreement.
29. **Nondiscrimination.** Neither Contractor, nor any officer, agent, employee, servant or subcontractor of Contractor shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, ancestry, national origin, religion, sex, actual or perceived sexual orientation, marital status, age, pregnancy, medical condition, handicap or other prohibited basis, either directly, indirectly or through contractual or other arrangements.
30. **Non-solicitation.** During the term of this Agreement and for a period of one (1) year thereafter, neither party nor any of their affiliates shall, without the prior written approval of the other employ, retain, offer employment to or offer retention of any person who is or was employed by or under contract with the non-soliciting party during the term of this Agreement. The foregoing will not prevent a party from employing any such person who (i) ceases to be employed by the other party prior to any direct solicitation by or encouragement or (ii) responds

to a general employment advertisement or other general solicitation or recruitment effort not specifically aimed at employees of the other party. Notwithstanding the foregoing, any offer of employment to members of the audit team prior to issuance of Contractor's report may impair independence, and may result in Contractor's inability to complete the engagement and issue a report.

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

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

Notice to Contractor: Moss Adams LLP
10960 Wilshire Blvd., Suite 1100
Los Angeles, CA 90024
Attn.: Stelian Damu, CPA, Partner

With a copy to:
Moss Adams LLP
999 Third Avenue, Suite 2800
Seattle, WA 98104
Attn: General Counsel

Notice to KCHA: Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, California 93306
Attn.: Chief Executive Officer

33. **Signature Authority.** Each party represents that they have full power and authority to enter into and perform this Agreement, and the person(s) signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

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

35. **Termination.**

35.1 Termination with Cause. Either party may terminate this Agreement in the event of a material breach by the other; provided, however, the termination for the breach of this Agreement will not become effective unless and until the party not in default, has given the other party written notice of breach, which notice shall state the general nature of the breach, and the party allegedly in default will thereafter have a period of 30 days following the giving of said notice in which to remedy the default to the reasonable satisfaction of the other party. If the alleged default is of the kind that cannot be cured within 30 days, then the party allegedly in default will have an additional 30 days in which to remedy the breach as long as such party is acting in good faith and using diligent efforts to remedy such breach throughout the cure period.

35.2 Termination without Cause. Either party may terminate this Agreement, without cause, upon 30 days' prior written notice to the other party.

35.3 Immediate Termination. Notwithstanding the foregoing, KCHA shall have the right to terminate this Agreement effective immediately after giving written notice to Contractor, for any of the following reasons: (i) KCHA determines that Contractor does not have the proper credentials, experience or skill to perform the required services under this Agreement; (ii) continuation by Contractor in the providing of services may result in civil, criminal, or monetary penalties against KCHA or KMC; (iii) the violation of any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which KCHA or KMC is subject; (iv) an unauthorized use or disclosure of confidential or proprietary information by Contractor which causes material harm to KCHA or KMC; (v) commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty by Contractor against KCHA or KMC; (vi) the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal, due to the actions of Contractor; or (vii) the failure of Contractor to cure a default within the time allowed in section 35.1.

36. Effect of Termination.

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

36.2 Vacate Premises. Upon expiration or earlier termination of this Agreement, Contractor shall immediately vacate KMC, removing at such time any and all personal property of Contractor. KCHA may remove and store, at Contractor's expense, any personal property that Contractor has not so removed.

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

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

[Signatures follow on next page]

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

KERN COUNTY HOSPITAL AUTHORITY MOSS ADAMS LLP

By _____
Chairman
Board of Governors

By Stelian Damu
Stelian Damu
Partner

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By _____
Andrew Cantu
Chief Financial Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Vice President & General Counsel
Kern County Hospital Authority

EXHIBIT “A”
DESCRIPTION OF SERVICES

The primary purpose of the financial audit will be to conduct an audit sufficient to express an opinion as to whether the KCHA financial statements are fairly presented in accordance with generally accepted accounting principles and whether supplementary information is fairly presented in relation to the basic financial statements.

The Report on the financial statements must state the scope of the audit and that the audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

The audit will include an evaluation and report of the KCHA’s internal control for the purpose of identifying areas of weakness or noncompliance. The purpose of this report is to: 1) report any significant deficiencies (including material weaknesses) which are identified as a result of performing an audit of the financial statements; and 2) report occurrences of noncompliance with provisions of laws, regulations, contracts and grants, which could have a direct and material effect on the required financial statements.

Standards of field work

During the period of time leading up to the year-end audit procedures, the designated Moss Adams LLP representative shall meet regularly with the KMC Finance Team and KCHA’s Chief Financial Officer.

A draft copy of the reports should be delivered to KCHA’s Chief Financial Officer. The Chief Financial Officer will address potential findings identified in the Schedule of findings and provide clarifications or responses to the findings. Final draft reports should be submitted to the Chief Financial Officer within six (6) months after the fiscal year end.

Contractor shall submit the following reports to KCHA:

1. Client Assistance Schedule;
2. Draft Independent Auditor’s Report, report of Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performance in accordance with Government Auditing Standards; and
3. Final Report on the financial statements to those charged with governance of KCHA.

[Intentionally left blank]

**EXHIBIT “B”
FEE SCHEDULE**

AUDIT YEAR	FEES
Fiscal year ended June 30, 2021	\$144,000-\$154,000
Fiscal year ended June 30, 2022	\$148,000-\$158,000
Fiscal year ended June 30, 2023	\$152,000-\$162,000

Contractor shall issue invoices based on the timeframe set forth in the Engagement Agreement or, if none, on a monthly basis.

KCHA acknowledges that the following circumstances may result in an increase in fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;
- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and/or
- An excessive number of audit adjustments.

Contractor will advise KCHA in the event these circumstances occur. In addition, to the extent future federal, state, or professional rule-making activities require modification of Contractor’s audit approach, procedures, scope of work, etc., Contractor will advise KCHA of such changes and the impact on fees.

EXHIBIT “C”

IRS FORM W-9

**EXHIBIT “D”
BUSINESS ASSOCIATE AGREEMENT**

This Business Associate Agreement (“**BAA**”) is entered into by and between the Kern County Hospital Authority on behalf of Kern Medical Center (“**Covered Entity**”) and Moss Adams LLP (“**Business Associate**”) (each a “**Party**” and collectively the “**Parties**”), effective as of the effective date of the underlying agreement (“**Effective Date**”).

RECITALS

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

WHEREAS, Business Associate performs Services for or on behalf of Covered Entity, and in performing said Services, Business Associate may create, receive, maintain, or transmit Protected Health Information (“**PHI**”);

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

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

AGREEMENT

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

**ARTICLE I
DEFINITIONS**

1.1 “**Breach**” shall have the meaning given under [45 C.F.R. § 164.402](#).

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

1.3 “**Designated Record Set**” shall have the meaning given such term under [45 C.F.R. § 164.501](#).

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II OBLIGATIONS OF BUSINESS ASSOCIATE

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

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

2.3 Reporting Non-Permitted Use or Disclosure.

2.3.1 Reporting Security Incidents and Non-Permitted Use or Disclosure. Business Associate shall report to Covered Entity in writing each Security Incident or Use or Disclosure that is made by Business Associate, members of its Workforce, or Subcontractors that is not specifically permitted by this BAA no later than five (5) days after becoming aware of such Security Incident or non-permitted Use or Disclosure, in accordance with the notice provisions set forth herein. Notwithstanding the foregoing, Business Associate and Covered Entity acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and Covered Entity acknowledges and agrees that no additional notification to Covered Entity of such ineffective Security Incidents is required, as long as no such incident results in unauthorized access, Use or Disclosure of PHI. Business Associate shall investigate each Security Incident or non-permitted Use or Disclosure of Covered Entity's PHI that it discovers to determine whether such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI. Business Associate shall document and retain records of its investigation of any suspected Breach. Business Associate shall take prompt corrective action and any action required by applicable state or federal laws and regulations relating to such Security Incident or non-permitted disclosure. If Business Associate determines that such Security Incident or non-

permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI, then Business Associate shall comply with the additional requirements of Section 2.3.2 below.

2.3.2 Breach of Unsecured PHI. If Business Associate determines that a reportable Breach of Unsecured PHI has occurred, Business Associate shall provide a written report to Covered Entity without unreasonable delay but no later than five (5) calendar days after discovery of the Breach. To the extent that information is available to Business Associate, Business Associate's written report to Covered Entity shall be in accordance with 45 C.F.R. §164.410(c). Business Associate shall cooperate with Covered Entity in meeting Covered Entity's obligations under the HIPAA Rules with respect to such Breach. Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected individual(s), the Secretary and, if applicable, the media. Business Associate shall reimburse Covered Entity for the following reasonable and actual costs and expenses in providing the notification and as required by regulation, reasonable administrative costs associated with providing notice, printing and mailing costs, and one (1) year (or for the duration required by statute or regulation, if longer) of credit monitoring services for affected individuals whose PHI has or may have been compromised as a result of the Breach.

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

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

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

2.6 Access to Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall make the PHI it maintains (or which is maintained by its Subcontractors) in Designated Record Sets available to Covered Entity for

inspection and copying, or to an Individual to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524. If Business Associate maintains PHI in a Designated Record Set electronically, Business Associate shall provide such information in the electronic form and format requested by the Covered Entity if it is readily reproducible in such form and format, and, if not, in such other form and format agreed to by Covered Entity to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524(c)(2). Business Associate shall notify Covered Entity within five (5) days of receipt of a request for access to PHI from an Individual.

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

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

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

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

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

2.12 Acknowledgement. Business Associate acknowledges that it is obligated by law to comply and represents that it shall comply with HIPAA, the HITECH Act, and the HIPAA

Rules. Business Associate shall comply with all state privacy and security laws, to the extent that such state laws are applicable to Business Associate and are not preempted by HIPAA or the HITECH Act.

ARTICLE III OBLIGATIONS OF COVERED ENTITY

3.1 Covered Entity's Obligations.

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

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

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

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

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

ARTICLE IV TERM AND TERMINATION

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

4.2 Termination of Underlying Agreement.

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

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

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

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

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

4.4 Disposition of Protected Health Information Upon Termination or Expiration.

4.4.1 Upon termination or expiration of this BAA, Business Associate shall destroy all PHI received from, or created or received by Business Associate on behalf of Covered Entity, that Business Associate still maintains in any form and retain no copies of such PHI.

4.4.2 If destruction is not feasible, Business Associate shall: (a) retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities; (b) return to Covered Entity the remaining PHI that the Business Associate still maintains in any form; (c) continue to extend the protections of this BAA to the PHI for as long as Business Associate retains the PHI; (d) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI not feasible and subject to the same conditions set out in Sections 2.1 and 2.2 above, which applied prior to termination. For the avoidance of doubt, Covered Entity agrees that it is infeasible for Business Associate to return or destroy PHI to the extent incorporated into Business Associate's working papers supporting its professional services for Covered Entity, and Business Associate shall be permitted to retain such PHI without further notice and shall maintain its confidentiality in accordance with this BAA.

ARTICLE V MISCELLANEOUS

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

5.2 Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as necessary for Covered Entity to implement its obligations pursuant to HIPAA, the HIPAA Rules, or the HITECH Act. Any amendment to this BAA must be made in writing and signed by both Parties.

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

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

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

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

5.7 Assistance in Litigation or Administrative Proceedings. Provided Business Associate is not a party to the action or in an adversarial position with Covered Entity, Business Associate shall make itself and any Subcontractors or members of its Workforce assisting Business Associate in the performance of its obligations under this BAA available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claim of violation of the HIPAA or other applicable laws relating to privacy or security caused or contributed to by Business Associate, Business Associate's Subcontractors or members of Business Associate's Workforce.

5.8 Indemnification. Notwithstanding anything to the contrary which may be contained in any Underlying Agreement, including but not limited to any limitations on liability contained therein, Business Associate hereby agrees to indemnify, defend, and hold harmless

Covered Entity and its respective officers, directors, managers, members, employees and agents from and against any and all losses, damages, fines, penalties, claims or causes of action and associated expenses (including, without limitation, costs of judgments, settlements, court costs and attorney's fees) resulting from Business Associate's (including its employees, directors, officers, agents, or other members of its Workforce, and its Subcontractors) breach of PHI to the extent resulting from the violation of the terms of this BAA, including but not limited to failure of Business Associate to perform its obligations under this BAA, or to comply with HIPAA or applicable state privacy or security law.

Business Associate's rights and obligations of indemnity set forth above are conditioned on (i) the prompt written notification from the Covered Entity to Business Associate of the claim for which indemnity is sought and (ii) cooperation and assistance from Covered Entity, including reasonable disclosure of information and authority necessary to perform the above. In the event of a claim for which the Covered Entity may seek indemnification hereunder, Business Associate shall be entitled to control the handling of such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing. Business Associate agrees to pay any claims and losses awarded against the Covered Entity by final judgment of a court, or the amount of any agreed settlement regarding any such claims and losses.

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

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

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

5.12 Notices. Any notices required or permitted to be given hereunder by either Party to the other shall be given in writing: (1) by personal delivery; (2) by electronic mail or facsimile with confirmation sent by United States first class registered or certified mail, postage prepaid, return receipt requested; (3) by bonded courier or by a nationally recognized overnight delivery service; or (4) by United States first class registered or certified mail, postage prepaid, return receipt, in each case, addressed to a Party on the signature page(s) to this BAA, or to such

other addresses as the Parties may request in writing by notice given pursuant to this Section 5.12. Notices shall be deemed received on the earliest of personal delivery; upon delivery by electronic facsimile with confirmation from the transmitting machine that the transmission was completed; twenty-four (24) hours following deposit with a bonded courier or overnight delivery service; or seventy-two (72) hours following deposit in the U.S. mail as required herein.

Covered Entity's Notice Address:

Kern County Hospital Authority
c/o Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, CA 93306
Attn: Chief Executive Officer

Business Associate's Notice Address:

Moss Adams LLP
10960 Wilshire Blvd., Suite 1100
Los Angeles, CA 90024
Attn: Stacy J. Stelzriede, CPA, Partner

With a copy to:
Moss Adams LLP
999 Third Avenue, Suite 3300
Seattle, WA 98104
Attn: General Counsel

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

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

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

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

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

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

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

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

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

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

COVERED ENTITY:

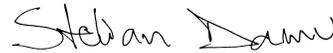
The Kern County Hospital Authority on behalf of Kern Medical Center

Title: Chairman

Date: _____

BUSINESS ASSOCIATE:

Moss Adams LLP



Title: Partner

Date: January 14, 2021

EXHIBIT “E”
Insurance

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

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

1. Workers’ Compensation and Employers Liability Insurance:

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

2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance.
- (c) Contractor is responsible for any deductible for a claim that is covered under its General Liability Insurance or self-insured retention and shall fund it upon KCHA’s written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving KCHA.

- (d) KCHA shall be named as an additional insured on Contractor's General Liability Insurance (blanket endorsement is acceptable) for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement.
- (e) The insurance provided to KCHA as an additional insured shall be primary to and non-contributory with any insurance or self-insurance program maintained by KCHA.
- (f) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "f" definition of insured contract in ISO form CG 00 01, or equivalent).
- (g) The policy shall cover inter-insured suits between KCHA and Contractor and include a "separation of insureds" or "severability" clause which treats each insured separately.
- (h) Required Evidence of Insurance: (i) Copy of the additional insured blanket endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

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

4. Professional Liability Insurance (Errors and Omissions):

- (a) Professional Liability Insurance (Errors and Omissions) appropriate to Contractor's profession.
- (b) Minimum Limits: \$1,000,000 per Occurrence or Claim; \$3,000,000 Annual Aggregate.
- (c) Contractor is responsible for any deductible for a claim that is covered under its Professional Liability or self-insured retention. .
- (d) Required Evidence of Coverage: Certificate of Insurance.

5. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A-;VII.

6. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:

- (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
- (b) Insurance must be maintained and evidence of insurance must be provided upon request *for at least five (5) years after completion of the contract work.*
- (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Contractor must purchase “extended reporting” coverage for a minimum of *five (5) years* after completion of the contract work.

7. Documentation:

- (a) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with KCHA for the entire term of this Agreement and any additional periods if specified in sections 1, 2, 3 or 4 above.
- (b) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
- (c) Required Evidence of Insurance shall be submitted upon written request for any renewal or replacement of a policy that already exists before expiration or other termination of the existing policy.
- (d) Contractor shall provide immediate written notice if any of the required insurance policies is terminated.
- (e) Upon written request, copies of required insurance policies (except for the declarations pages of such policies) must be provided to KCHA within 30 days.

8. Policy Obligations: Contractor’s indemnity and other obligations shall not be limited by the foregoing insurance requirements.

9. Waiver of Subrogation: Except as to Professional Liability Insurance, Contractor hereby grants to KCHA a waiver of any right to subrogation, which any insurer of said Contractor may acquire against KCHA by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not KCHA has received a waiver of subrogation endorsement from the insurer.

10. Primary Coverage: For any claims related to this Agreement, Contractor’s Commercial General Liability and Automobile insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects KCHA, its officers, directors, officials, employees, and volunteers. Any insurance or self-insurance maintained by KCHA, its officers, directors, officials, employees, or volunteers shall be excess of Contractor’s insurance and shall not contribute with it.

11. Material Breach: If Contractor fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. KCHA, at its sole option, may terminate this Agreement and seek damages from Contractor resulting from

said breach. Alternatively, KCHA may purchase the required insurance, and without further notice to Contractor, KCHA may deduct from sums due to Contractor any premium costs advanced by KCHA for such insurance. These remedies shall be in addition to any other remedies available to KCHA.

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

January 20, 2021

Subject: Proposed retroactive Certification of Medical Necessity BD Alaris™ System Infusion Pump

Recommended Action: Ratify signature of Russell V. Judd on Certification of Medical Necessity

Summary:

Kern Medical requests that your Board retroactively ratify the signature of Russell V. Judd on the attached Certification of Medical Necessity related to the BD Alaris™ System Infusion Pump (“Alaris”), received by Kern Medical on January 6, 2021, and required by Alaris to be signed and returned immediately. Failure to sign the Certification would have prevented Kern Medical from purchasing critically needed infusion pumps, which are necessary to provide care to the increased number of patients being admitted to Kern Medical. This includes routine patients, trauma patients, and COVID-19 patients. For example, ICU patients may have up to eight intravenous medications infusing simultaneously, each requiring an infusion pump to ensure the medications are dosed accurately. In the past two weeks, Kern Medical has maximized the use of all infusion pumps in stock.

Alaris has been mandated by FDA to obtain an authorized signature on the Certification to confirm that Kern Medical is aware of four recall notifications that have been issued related to these specific infusion pumps. Field corrections for one of the recalls have been voluntarily initiated by Alaris and completed on the pumps currently owned by Kern Medical. In addition, Alaris has made modifications to the pump software, which are pending FDA approval. These additional modifications will correct additional recalls.

Kern Medical has evaluated the benefits and risks associated with the affected products and has determined that the need to provide uninterrupted patient care outweighs the remote risks of any pump failure. This conclusion is based on the fact that FDA corrections have been made to the pumps owned by Kern Medical. Further, Alaris has evaluated the recalls and determined that the pumps can continue to be used in accordance with information set forth in the user manual. Kern Medical currently owns 263 of the identical pumps with no indication of any issues, including past problems or failures.

Therefore, it is recommended that your Board retroactively ratify the signature of Russell V. Judd on the Certification of Necessity, which was signed by Mr. Judd and returned to Alaris on January 8, 2021.



10020 Pacific Mesa Blvd
San Diego, CA 92121
1-888-876-4287 (toll-free)

www.bd.com

Dear Valued BD Alaris™ System Customer:

In conjunction with voluntary U.S. recalls of the Alaris™ System, BD has been in discussions with the FDA about a number of modifications to the Alaris™ System since its last 510(k) clearance. Based on these discussions, BD has committed to submit a new, comprehensive 510(k) notice for agency review.

BD takes our responsibility to our customers and patients very seriously. We stand behind the safety and clinical benefits of the Alaris™ System.

As noted in BD's recall notifications, we have assessed the potential risks associated with the Alaris™ System and determined that it can continue to be used in accordance with the Alaris™ System with Guardrails™ Suite MX User Manual, User Manual Addendum, Service Addendum and the recall notifications until they are serviced by BD with an upcoming software release and affected hardware is replaced.

BD has committed to seek clearance of a new 510(k) notice for the Alaris™ System with a new software version that will include all prior modifications and will remediate the issues identified in the current recalls. Until we are able to release the new software through FDA's regulatory process, BD has suspended distribution of the Alaris™ System except upon certification of medical necessity.

The attached certificate of medical necessity confirms that your facility is aware of the recall notifications and that BD is in the process of submitting a new 510(k) notice for the Alaris™ System. It further confirms that your facility has evaluated the benefits and risks associated with the affected products and has immediate medical needs that require shipment of infusion pumps that are subject to the recall to ensure uninterrupted patient care.

The certificate should be completed by a Senior Hospital Administrator or Clinician with decision making capacity and returned to your BD Alaris™ Account Executive. BD Medical Affairs will review each certificate to verify medical necessity and will reach out directly to the authorized approver with any additional questions.

If you have additional questions for the BD Medical Affairs team, please do not hesitate to contact them at AlarisMedicalAffairs@bd.com.

A handwritten signature in blue ink, appearing to read "Idal Beer".

Idal Beer, MD

Vice President of Medical Affairs for
Medication Management Solutions



10020 Pacific Mesa Blvd
 San Diego, CA 92121
 1-888-876-4287 (toll-free)

www.bd.com

CERTIFICATE OF MEDICAL NECESSITY
BD Alaris™ System Infusion Pump

On February 4, June 30, and August 4, 2020, BD initiated recalls of the Alaris™ System that addressed specific software and hardware issues. The associated Customer Recall Notifications included important actions that users should implement to help mitigate the potential risks. The issues outlined in these recalls have been associated with serious injury and death. BD has assessed the potential risks with the issues outlined in the recall letter and determined that affected products can continue to be used in accordance with the Alaris™ System with Guardrails™ Suite MX User Manual, User Manual Addendum, Service Bulletins, and the Customer Recall Notification letters until they are serviced by BD with an upcoming software release and affected hardware is replaced.

FDA has classified the February 4, June 30, and August 4 recalls, with the exception of the Dim Segment issue from the August 4 recall notification letter, as Class I. The Dim Segment issue was classified as a Class II recall. FDA's classification of these recalls can be found on FDA's website at <https://www.fda.gov/medical-devices/medical-device-recalls/2020-medical-device-recalls>.

On October 23, 2020 BD also initiated a voluntary field correction involving certain plastic cases and handle parts that when cleaned with non-recommended chemicals or methods may result in cracks or damage over time and reduce the durability of these parts. BD has determined that this situation is not likely to cause adverse health consequences.

BD is committed to providing safe and secure products to our customers given their important benefits to patient health. As such, BD has made a number of modifications to the Alaris™ System since its last 510(k) clearance that have not been reviewed by FDA. FDA has requested that BD submit a new 510(k) notice for agency review. BD has committed to seek a new 510(k) clearance for the Alaris™ System with a new software version that will include all prior modifications and will remediate the issues identified in the current recalls. Until we are able to release the updated Alaris™ System, we are suspending the distribution of the Alaris™ System except for incremental distribution to existing customers upon certification of medical need.

This certificate of medical necessity confirms that your facility is aware of the aforementioned recall notifications and that BD is in the process of submitting a new 510(k) notice for the Alaris™ System. It further confirms that your facility has evaluated the benefits and risks associated with the affected products and has immediate medical needs that require shipment of the infusion pumps that are the subject of these recalls to ensure uninterrupted patient care.

Customer Name: KERN MEDICAL CENTER

Address (end-user location): 1830 FLOWER ST

City, State, Zip: BAKERSFIELD CA 93305-4186

Transaction #: CPQ-6381

Expiration Date: 02/20/2021

Model Number	Product Description	Quantity
8015	BD Alaris™ PC Unit	
8100	BD Alaris™ Pump Module	
8110	Syringe Module	
8120	PCA Module	
8300	EtCO2 Module	
8600	Auto ID Module	
8650	Auto ID Scanner	

This Certificate of Medical Necessity shall expire if not completed and returned to BD by the date identified above.

Once completed, this document is considered a record that must be stored in accordance with company procedures.

This document contains confidential, proprietary information of BD or one of its affiliates. It may not be copied or reproduced without prior written permission from BD.

Page 1 of 2



10020 Pacific Mesa Blvd
San Diego, CA 92121
1-888-876-4287 (toll-free)

www.bd.com

I certify that the above-mentioned facility requires additional BD Alaris™ System infusion pumps that are medically necessary to ensure adequate and uninterrupted patient care to prevent harm, significant illness or disability, to alleviate severe pain, and ultimately to protect life across during peak demands or increase in active number of beds due to the following reasons (check all that apply):

- Increase in active beds due to 1) flu season; 2) other seasonal higher occupancy rates; or 3) emergent public health events (e.g., coronavirus). **Please add as much detail as possible below:**

Increase in overall census; emergent public health events

- Expansion of existing units (e.g., additional beds to ICUs) and new hospital wards or wings where infusion system workflow compatibility and/or interoperability are essential to patient care. **Please add as much detail as possible below:**

A number of our current pumps cannot be integrated with our EHR

- Other (Specify):

Pursuant to the Authorized Signature below, Customer represents that the Alaris™ Equipment identified on this Certificate of Medical Necessity shall be placed in use at the end-user location/address identified herein.

Authorized Signature: *Russell Judd*

Name (Print): Russell Judd *RJ*

Title: CEO

Date: 1/8/2021

Telephone #661-326-2102

REVIEWED ONLY
NOT APPROVED AS TO FORM

By *Karen S. Sanchez*
Legal Services Department

For BD Only:

Number of devices approved:

8015: _____ 8100: _____ 8110: _____ 8120: _____ 8300: _____ 8600: _____ 8650: _____

Rationale:

Approved by _____ (VP, Medical Affairs MMS) Date: _____

Once completed, this document is considered a record that must be stored in accordance with company procedures.

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

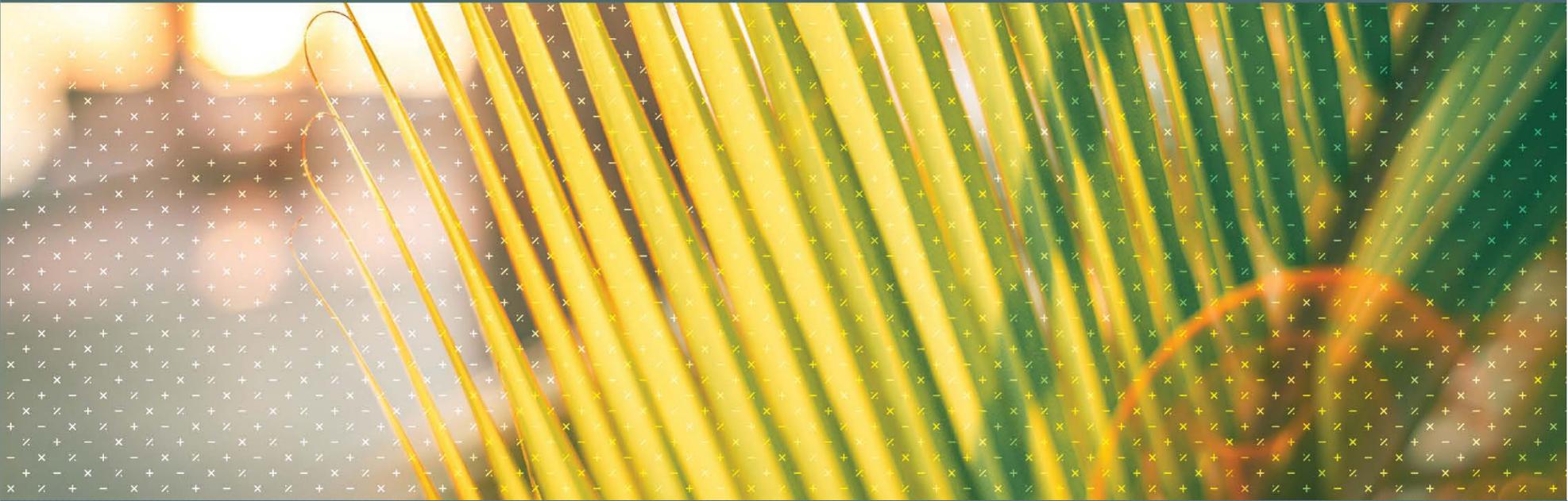
January 20, 2021

Subject: Proposed Report of Independent Auditors from Moss-Adams, LLP

Recommended Action: Receive and File; Refer to Kern County Board of Supervisors

Summary:

Kern Medical requests your Board receive and file the Report of Independent Auditors from Moss-Adams, LLP, for the audit of Kern Medical's financial statements pursuant to Kern County Hospital Authority Agreement No. 069-2018. The scope of the audit includes the audit of Kern Medical financial statements, which comprise the statement of net position as of June 30, 2020, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.



FY 2020 Audit Results – Kern County Hospital Authority

Prepared by the Moss Adams Health Care Group

Presented: January 20, 2021

Audit Committee

Kern Medical



Dear Board of Members:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the financial statements of Kern County Hospital Authority (“Kern Medical”) for the year ended June 30, 2020.

The accompanying report, which is intended solely for the use of the Board of Governors and management, presents important information regarding the financial statements of Kern Medical and our audit that we believe will be of interest to you. It is not intended for, and should not be used by, anyone other than these specified parties.

We conducted our audit with the objectivity and independence that you expect. We receive the full support and assistance of the Kern Medical personnel. We are pleased to serve and be associated with Kern Medical as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report or any other matters of interest with you during this meeting.

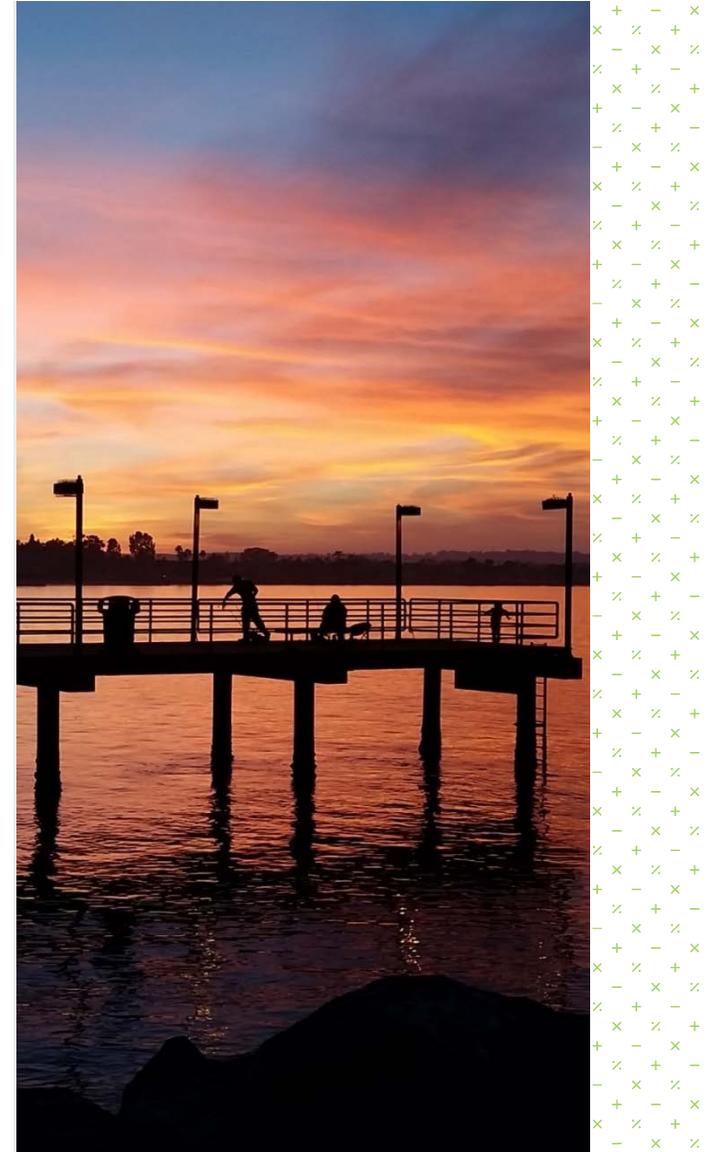


Agenda

1. Auditor Opinion & Report
2. Communications with Those Charged with Governance
3. Exhibit: Management Representation Letter
4. Other Information



Auditor Opinion & Report



Scope of Services

We have performed, or will be performing, the following services for Kern Medical:

- Annual financial statement audit as of and for the year ended June 30, 2020
- Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*



5

We have also performed, or will be performing, the following nonattest services:

- Assisted in drafting the financial statements of Kern Medical, excluding Management's Discussion and Analysis



Auditor Report on the Financial Statements

Unmodified Opinion

- Financial statements are presented fairly and in accordance with U.S. GAAP

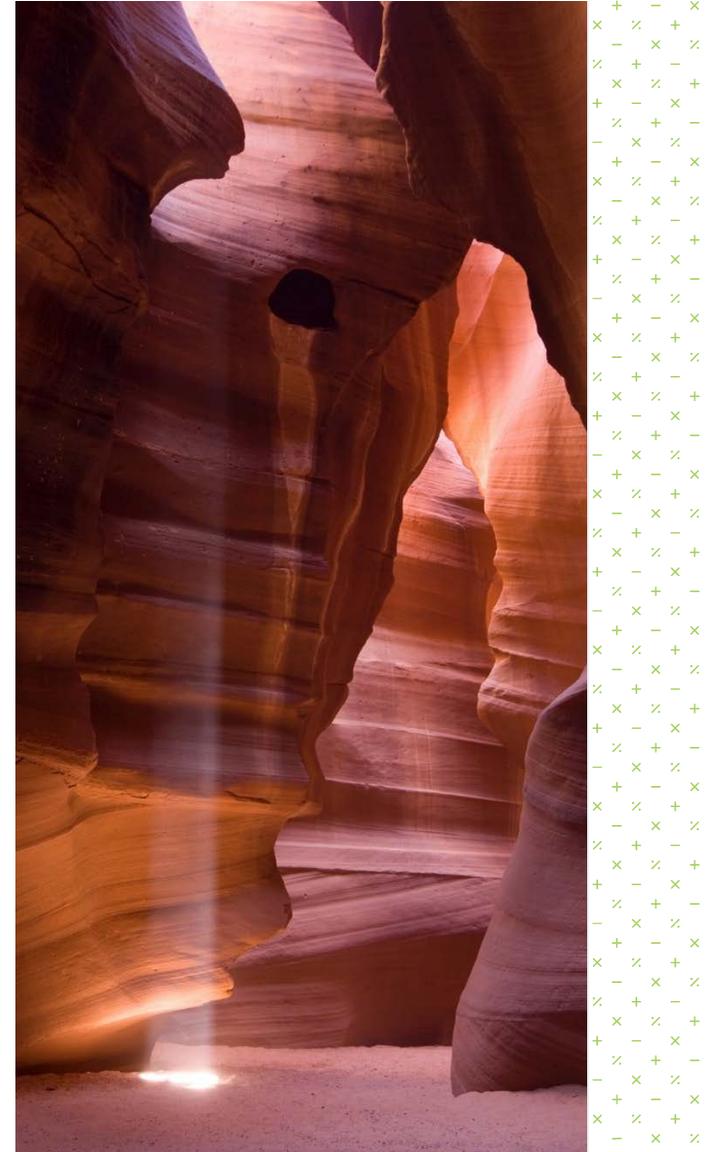
Government Auditing Standards Report

- No financial reporting findings noted
- No compliance findings reported





Communications with Those Charged with Governance



Our Responsibility



To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.



To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, Government Auditing Standards issued by the Comptroller General of the United States, and the California Code of Regulations, Title 2, Section 1131.2, *State Controller's Minimum Audit Requirements for California Special Districts*, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.



To consider internal control over financial reporting as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.



To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



Planned Scope & Timing of the Audit

It is the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

Our Comments

The planned scope and timing of the audit was communicated to Kern Medical's Board of Governors in our audit planning letter and was included in the engagement letter for the year ended June 30, 2020.



Significant Accounting Policies & Unusual Transactions

The auditor should determine that the Board of Governors is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the Board of Governors is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Our Comments

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by Kern Medical are described in the footnotes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. There were no changes to significant accounting policies for the year ended June 30, 2020.

We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.



Management Judgments & Accounting Estimates

The Board of Governors should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

Our Comments

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the financial statements.

Significant management estimates impacted the financial statements including the following: **patient accounts receivable reserves; actuarially determined accruals for workers' compensation, medical malpractice liabilities, pension, and other post-employment liabilities; grant revenue recognition; and accruals for third-party settlements.**

We deem them to be reasonable.



Areas of Audit Emphasis

- Patient Revenue/Receivables
- Valuation of Third-Party Settlements, including Indigent Funding
- Pension and Other Post-Employment Benefits Obligations
- Self-Insured Risks – Professional Liability and Workers' Compensation
- Related-Party Transactions
- Compliance with Laws, Regulations, and Federal Awards, Including COVID-19 Funding



Audit Requirement – CARES Act Grant Funding

Provider Relief Grant Funds Received

- Approximately \$4.2 million received as of June 30, 2020.
- Nonfederal entities that expend financial assistance of \$750,000 or more in federal awards will have a single or program-specific audit for their fiscal year that includes the periods the funds are expended.
- Initial guidance on what qualifies as a healthcare-related expense attributable to COVID-19 or what qualifies as lost revenue was issued by HHS in June 2020. Additional guidance was issued in September, October, and November 2020.
- An addendum to the Compliance Supplement which outlines the specific audit requirements was released the week of December 21, 2020.
- The addendum deferred the requirement of fiscal 2020 year-end single audits to fiscal year 2021 and this will cover the period from the date of the grant to the end of the 2021 fiscal year.

**The receipt of HHS
Grant Funding under
the CARES Act subjects
Kern Medical to a Single
Audit under the
*Uniform Guidance***



Areas of Audit Emphasis: Patient Service Revenue and Valuation of Patient Accounts Receivable

Accounting issue

- Revenue recognition and adequacy of contractual allowances and allowances for bad debts

Description of circumstance

- Revenue recognized when service provided
- Receivables, primarily arising from third-party payors

Audit risk

- Revenue recognition could be inappropriate
- Reserves for contractual allowances are understated

Moss Adams audit response

- Testing of internal controls around the revenue process
- Testing of management's estimate of allowances using underlying collection history
- Lookback analysis and subsequent cash receipts analysis

Moss Adams audit results

- Revenue recognition is considered appropriate
- Valuation of patient accounts receivable is appropriate
- *Refer to next slide for hindsight analysis*



Patient Accounts Receivable - Lookback Analysis

(\$s in 000s) *	2020	2019	2018	2017
Net Patient Accounts Receivable	\$53,568	\$40,824	\$43,129	\$39,713
Subsequent Cash Receipts 4 months after 6/30	\$32,617	\$30,077	\$32,886	\$36,056
% Collected 4 months after 6/30	59%	74%	76%	91%
Exposure after 4 months collections	\$20,951	\$10,747	\$10,243	\$3,657
Collected 16 months after 6/30	n/a	\$38,259	\$40,995	\$45,759
Cash Receipts in Excess of (Less Than) Amounts Recorded	n/a	\$2,565	(\$2,134)	\$6,046
Cash Receipts in Excess of (Less Than) Amounts Recorded (%)	n/a	(6%)	(5%)	15%
Days in Patient Accounts Receivable	96	73	71	72

* Amounts exclude Kern Medical Surgery Center



Areas of Audit Emphasis: Valuation of Third-Party Settlements, Including Indigent Funding

Accounting issue

- Revenue recognition and adequacy of reserves

Description of circumstance

- Revenue recognized in accordance with the elements of the respective reimbursement program
- Receivables or payables, arising from expected settlements with third-party payors

Audit risk

- Revenue recognition could be inappropriate
- Reserves are understated

Moss Adams audit response

- Testing of internal controls around the revenue process
- Testing of management's estimate of reserves based on contractual reimbursement arrangements, historical settlements, latest available information from payors
- Lookback analysis and subsequent cash receipts analysis

Moss Adams audit results

- Revenue recognition is considered appropriate based on available information
- Valuation of third-party settlements is appropriate



Management Judgments & Accounting Estimates

Our views about the quantitative aspects of the entity's significant accounting policies, accounting estimates, and financial statement disclosures.

Our Comments

The disclosures in the financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users, however we do not believe any of the footnotes are particularly sensitive. We call your attention to the following notes:

- Note 1 – COVID-19 Pandemic
- Note 8 – Long-Term Debt
- Note 10 – Net Patient Service Revenue
- Note 11 – Indigent Patient Care Funding
- Note 12 – Related-Party Transactions
- Note 13 – Pension Plan



Significant Audit Adjustments & Unadjusted Differences Considered by Management to be Immaterial

The Board of Governors should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in Kern Medical's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future financial statements to be materially misstated.

The Board of Governors should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

Our Comments

CORRECTED ADJUSTMENTS:

- There were no significant corrected adjustments proposed, other than as follows:
 - Decrease Patient Accounts Receivable and Net Patient Service Revenue by \$5.6 million, based upon subsequent cash collections experience.

UNCORRECTED ADJUSTMENTS:

- There were no uncorrected adjustments identified.



Deficiencies in Internal Control and in Internal Control over Compliance

Any material weaknesses and significant deficiencies in the design or operation of internal control or of internal control over compliance that came to the auditor's attention during the audit must be reported to the Board of Governors.

Our Comments

MATERIAL WEAKNESS

- None noted

SIGNIFICANT DEFICIENCIES

- Nothing to communicate

NONCOMPLIANCE

- Nothing to communicate



Potential Effect on the Financial Statements of Any Significant Risks & Exposures

The Board of Governors should be adequately informed of the potential effect on financial statements of significant risks and exposures and uncertainties that are disclosed in the financial statements.

Our Comments

Kern Medical is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements.



Difficulties Encountered in Performing the Audit

The Board of Governors should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit, including disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Kern Medical financial statements, or the auditor's report.

Our Comments

No significant difficulties were encountered during our audit.

We are pleased to report that there were no disagreements with management.

We conducted our audit procedures remotely due to the COVID-19 pandemic. The remote environment did not impact our ability to access records of Kern Medical to complete our audit procedures.



Material Uncertainties Related to Events & Conditions/ Fraud & Noncompliance with Laws and Regulations

Any doubt regarding the entity's ability to continue, as a going concern, should be communicated to the Board of Governors.

Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements should be communicated. We are also required to communicate any noncompliance with laws and regulations involving senior management that come to our attention, unless clearly inconsequential.

Our Comments

No such matters came to our attention.

We have not become aware of any instances of fraud or noncompliance with laws and regulations.



Other Material Written Communications

Report to those charged with governance significant written communications between the auditor and management.

Our Comments

See Exhibit 1 for management representation letter.

Other than the engagement letter, management representation letter, and communication to those charged with governance, there have been no other significant communications.



Management's Consultation with Other Accountants

In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to Kern Medical's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

Our Comments

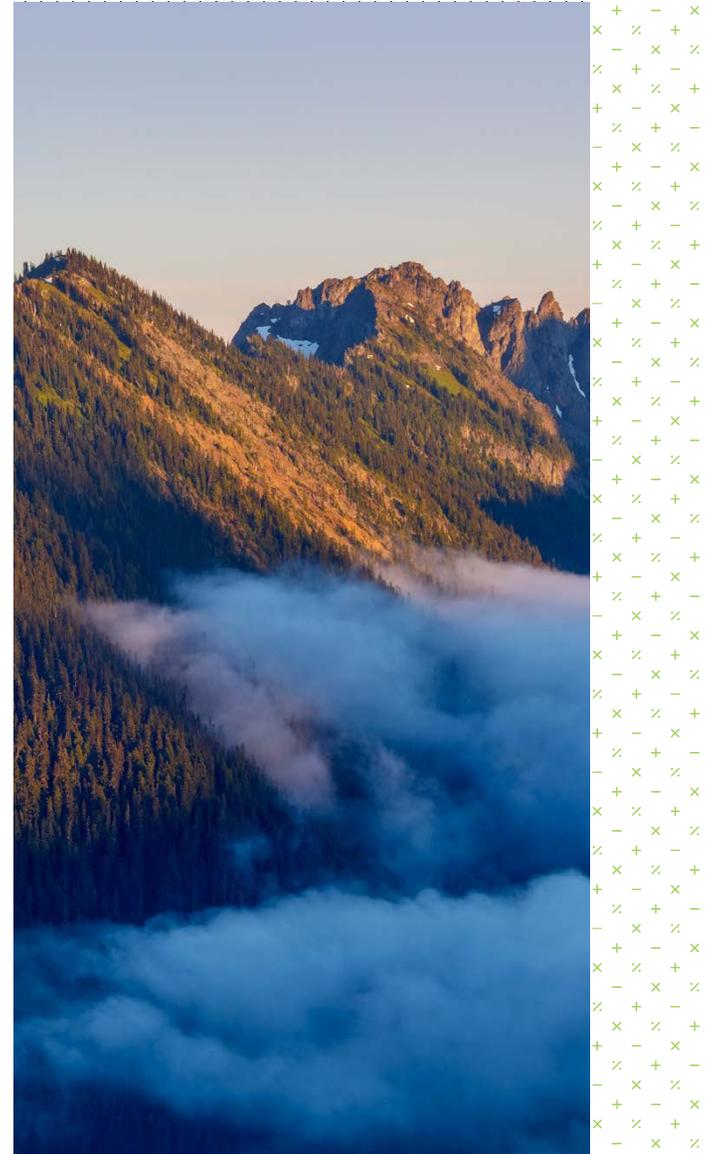
We are not aware of any significant accounting or auditing matters for which management consulted other accountants.





Management Representation Letter

Exhibit 1



Management Representation Letter

December 21, 2020

Moss Adams LLP
10960 Wilshire Blvd., Suite 1100
Los Angeles, California 90024

We are providing this letter in connection with your audits of the financial statements of Kern County Hospital Authority (the Authority or Kern Medical), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$450,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 21, 2020,

Financial Statements

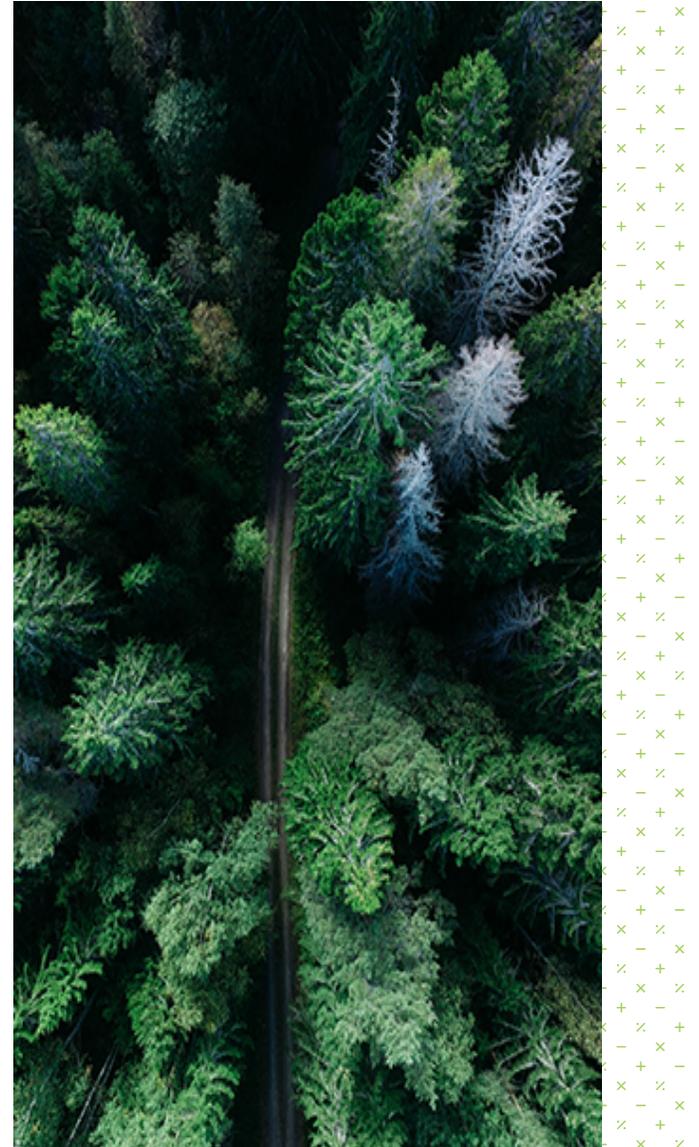
1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 18, 2020, as amended and restated on September 21, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

Note: This represents an excerpt only.
Full management representation letter is
available upon request.





About Moss Adams



Our Response to COVID-19

The COVID-19 pandemic has touched all aspects of our lives. We're here to guide you to the information and resources you need now and provide strategies for the changes to come. We'll support you as you rebuild and help you take advantage of rising opportunities.

NAVIGATE



- Stay up to date with guidance and support to help combat uncertainty
- Reach out to your Moss Adams professional with any questions on the most current updates and advisements

ARTICLE

- [Weather COVID-19 Market Volatility: Investments, Finances, and Tax Planning](#)

REBUILD



- Strategize needs and be aware of what's to come
 - We'll connect you with the right resource, either within the greater Moss Adams team or through our various industry contacts
- Review Moss Adams announcements that provide tax and regulatory relief

ALERTS

- [CARES Act Overview: Implications for Business Taxpayers](#)
- [CARES Act: Implications for Individual Taxpayers](#)

THRIVE



- Take steps to bolster your workforce and organization
- Evaluate additional service needs, such as the following:
 - Capital sourcing
 - Cloud tools
 - Cost segregation
 - Enterprise resource planning
 - Estate and succession planning
 - Financial planning
 - Forecasting
 - IT security and cybersecurity
 - Process improvement
 - Outsourced finance accounting
 - R&D tax credits
 - Risk assessment
 - State and local tax
 - Transactions services

HELPING YOU ADAPT TO UNCERTAIN TIMES

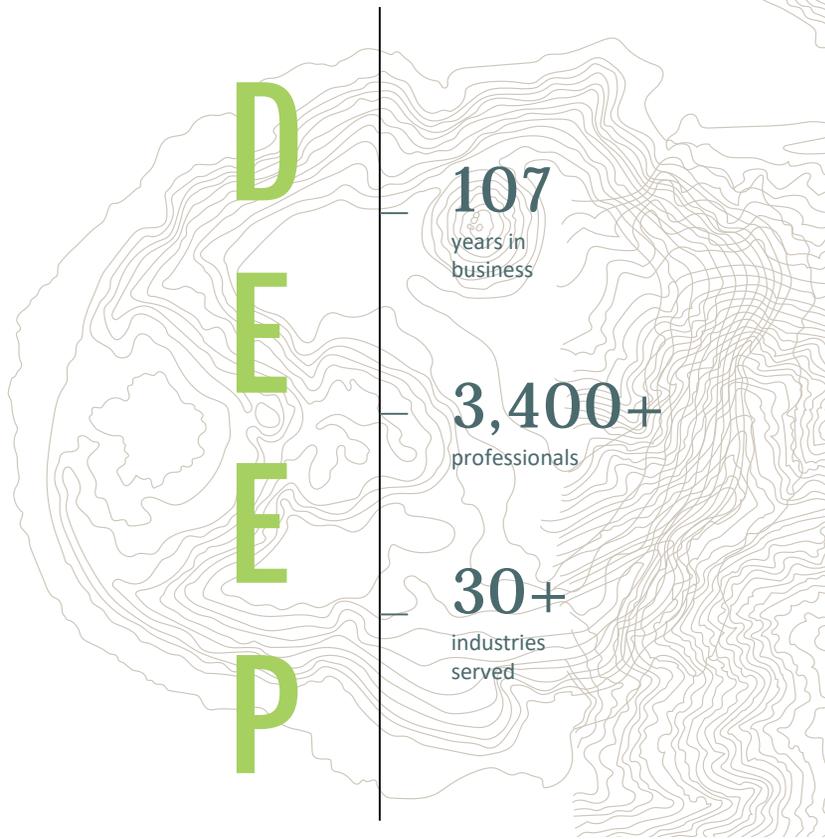


Find more information and resources here: <https://mossadams.com/covid-19-implications>



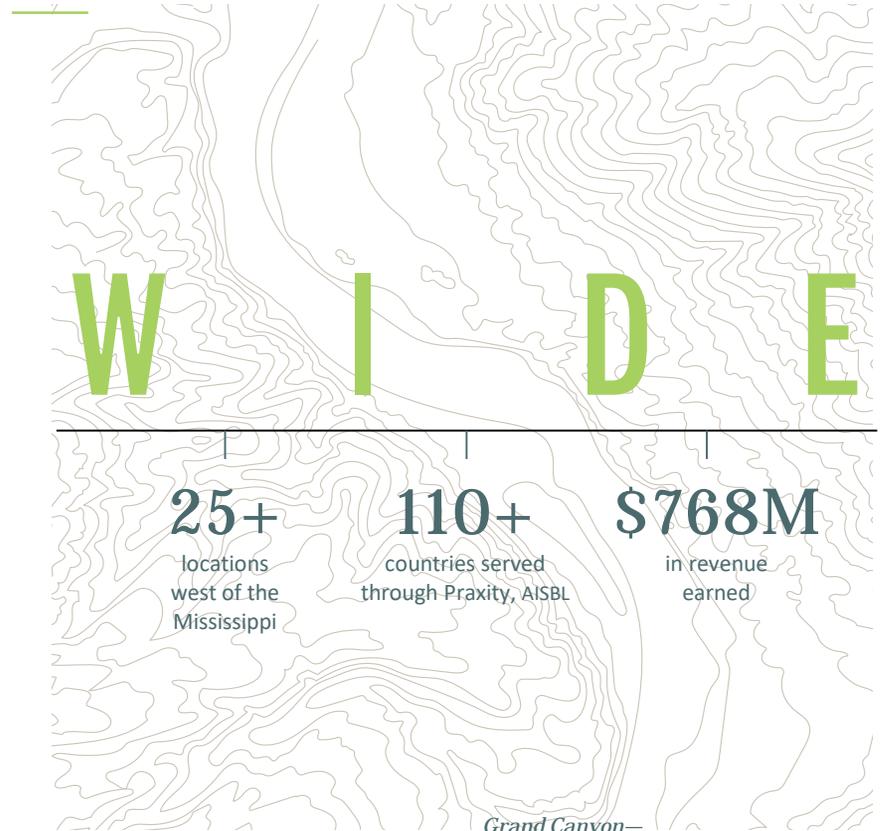
28

Our Expertise



*Crater Lake—
A monument to perseverance, North America's
deepest lake filled to 1,949 feet over 720 years.*

Our Reach



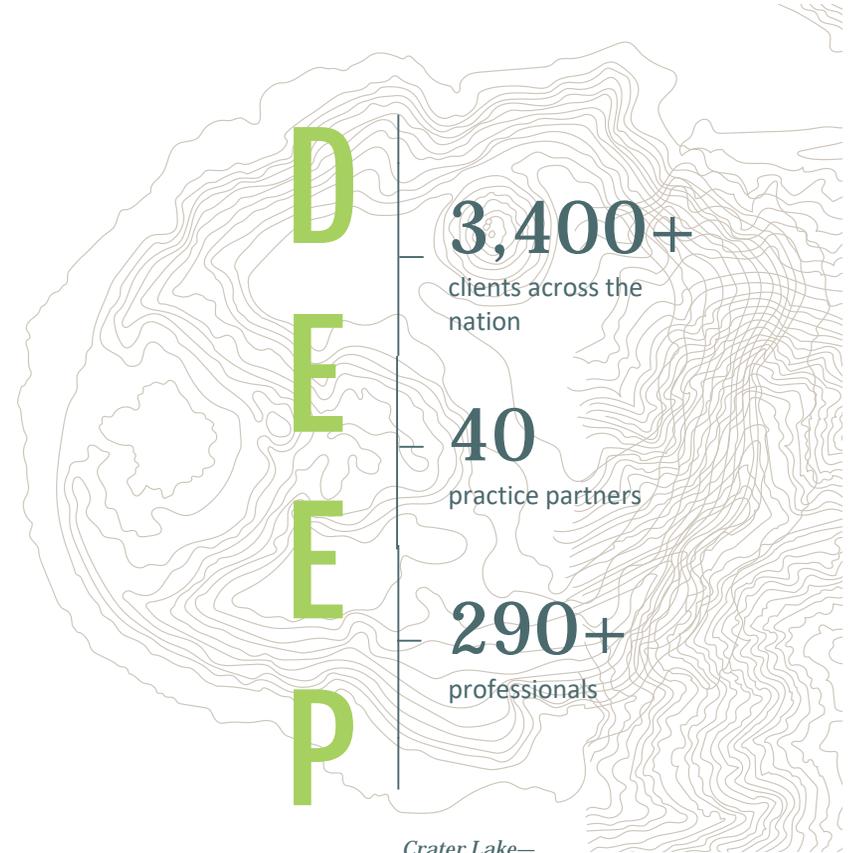
*Grand Canyon—
At 277 miles long and up to 18 miles
wide, this icon serves as a testament
to determination and time.*

Health Care Industry Experience

Our health care professionals dedicate their careers to serving the industry.

We cover the full spectrum of health care including:

- Hospitals and health systems
- Independent practice associations
- Medical groups
- Community health centers
- Behavioral health organizations
- Long-term care
- Surgery centers
- Knox Keene licensed health plans
- Health care ancillary services



*Crater Lake—
A monument to perseverance, North
America's deepest lake filled to 1,949 feet over
720 years.*

Hospitals & Health Systems

Moss Adams has a dedicated Hospitals Practice serving more than 945 hospitals and hospital systems, ranging in size from 15 to over 1,600 beds, across the nation. Our work extends well beyond traditional accounting services and includes consulting and assistance on an array of issues in health care financial management.

We leverage our deep knowledge of the national marketplace and local competitive environments to provide customized solutions that make a difference to your organization.

Who we serve:

- Integrated health systems
- Tertiary care teaching hospitals
- Hospital districts
- For-profit and not-for-profit organizations
- University-based hospitals
- Community and sole community
- Critical access hospitals
- Pediatric hospitals



Additional Services

Audit and tax are vital. But you have complex needs that go beyond these core functions. Our dedicated health care consulting team provides a range of services to address all your needs—both now and in the future.



HEALTH CARE CONSULTING & ADDITIONAL EXPERTISE		
PROVIDER REIMBURSEMENT	GOVERNMENT COMPLIANCE	OPERATIONAL IMPROVEMENT
Medicare & Medicaid	Regulatory Compliance	Revenue Cycle Enhancement
Provider-based Licensure & Certification	Coding Validation	Claims Recovery
Medical Education	Coding Department Redesign	Litigation Support
Uncompensated Care	EHR Internal Controls	Employer Health Benefits
Medicare DSH Analysis & Appeals	Corporate Compliance	Financial Turnaround
Worksheet S-10		Performance Excellence
STRATEGY & INTEGRATION	LEAN TRANSFORMATION	INFORMATION TECHNOLOGY
Provider Risk Analysis, Contracting & Operational Design	3P & Innovation: redesign processes, products, facilities	HIPAA Security and Privacy
M&A Support	Lean Management Systems and Strategy Deployment	Network Security & Penetration Testing
Feasibility Studies	Lean operations	HITRUST Assessment & Certification
Market Intelligence & Benchmarking	Quality & patient safety	SOC Pre-Audit Gap Analysis & Readiness
Service Line Enhancement	PRIVATE EQUITY	SOC Audits
Strategic Planning & Implementation	Investment Evaluation & Transactions	
	Advising Portfolio Companies	
	Selling Portfolio Companies	

Insights and Resources

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and are presented in the format that fits your life.

We'll keep you informed to help you stay abreast of critical industry issues.

Moss Adams closely monitors regulatory agencies, participates in industry and technical forums, and writes about a wide range of relevant accounting, tax, and business issues to keep you informed.

We also offer CPE webinars and events which are archived and available on demand, allowing you to watch them on your schedule.



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YouTube: <http://www.youtube.com/mossadamslp>



Stelian Damu, Partner

Stelian.Damu@mossadams.com

(818) 577-1914

Kimberly Sokoloff, Senior Manager

Kimberly.Sokoloff@mossadams.com

(925) 952-2506



THANK
YOU



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

January 20, 2021

Subject: Kern County Hospital Authority Financial Report – November 2020

Recommended Action: Receive and File

Summary:

COVID-19 Impact on Kern Medical Operations:

The COVID-19 pandemic has impacted Kern Medical's key performance indicators as follows:

- Average Daily Census of 140 for October is 2 more than the November budget of 138 and the same as the 140 average over the last three months
- Admissions of 871 for November are 44 more than the November budget of 827 and 93 more than the 778 average over the last three months
- Total Surgeries of 468 for November are 1 less than the November budget of 469 and 29 less than the 497 average over the last three months
- Clinic Visits of 12,058 for November are 1,344 less than the November budget of 13,402 and 2,055 less than the 14,113 average over the last three months

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

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

Patient Revenue:

Gross patient revenue has a favorable budget variance for November and on a year-to-date basis mainly because of strong average daily census levels. In addition, there has been an overall increase in revenue cycle efficiency. Gross patient revenue has increased 10% year-to-date compared to prior year.

Other Operating Revenue:

Other operating revenue has a favorable budget variance for November due to proceeds from a legal settlement received from the Health Resources and Services Administration (HRSA). This settlement is also the reason for the favorable year-to-date variance for this line item.

Other Non-Operating Revenue:

COVID-19 related funding is budgeted evenly throughout FY 2021 as other non-operating revenue; however, COVID-19 funding is not received consistently on a monthly basis. Therefore, the actual dollar amount recorded for this line item may fluctuate vs. budget on a monthly basis but should align with budget on a year-to-date basis by year-end.

Salaries Expense:

Salaries expenses are over budget for the month mainly due to an increase in vacation pay across many departments during the holidays. On a year-to-date basis, salaries are over budget due to higher than average expenses for registered nurses (RNs) and physicians. The increase in RNs and physician's expenses correlates with the increase in total surgeries which are 2% above budget and 6% above prior year. It also corresponds with an increase in FTE hours in the operating room and the trauma unit. There has also been an increase in FTEs in the Behavioral Health unit for additional sitters needed for an increase in behavioral health patients.

Medical Fees:

Medical fees are over budget for November in part because of an increase in expenses paid to Acute Care Surgery Medical Group. In addition, expenses for Total Renal Care were higher than average. On a year-to-date basis, medical fees are over budget due to true-up entries to account for under accruals for this expense in prior months.

Other Professional Fees:

Kern Medical operated at the budgeted dollar amount for other professional fees in November. On a year-to-date basis, there is a favorable budget variance because of the reversal of an expense accrual for Allscripts services. The Information Systems department determined that the expense was over accrued in prior months. In addition, Kern Medical received credits from Change Healthcare for overpayments made to the vendor in prior months.

Supplies Expense:

Supplies expenses are under budget for the month and on a year-to-date basis primarily because of lower than expected pharmaceutical expenses.

Purchased Services:

Purchased services expenses are under budget for November due to less than average expenses for out-of-network contracted patient care services provided by other healthcare facilities. This item was over accrued in the prior month. In addition, ambulance fees paid were below average for the month. Purchased services are at the budgeted dollar amount on a year-to-date basis.

Other Expenses:

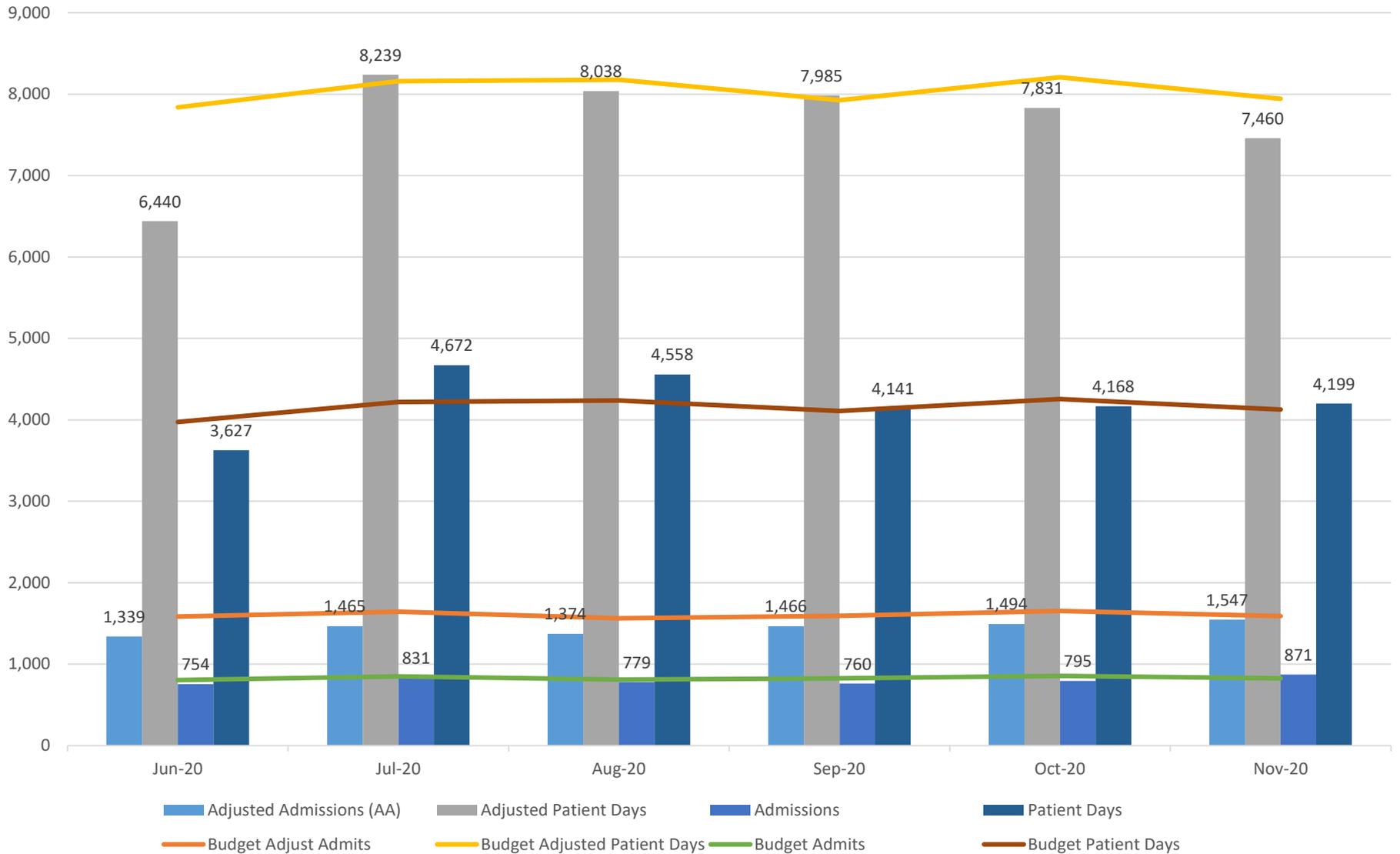
Other expenses are over budget for November due to prior years' invoices received from Michael Flooring for repairs and maintenance expenses. Kern Medical terminated its contract with Michael Flooring on December 4, 2018. At that time an effort was made to settle all outstanding invoices. However, some invoices remained in pending status and were finally approved for payment in November 2020. In addition, other expenses are over budget for the month because of higher than average utilities expenses. Higher than average repairs and maintenance expenses and high utility expenses are also the reasons for the unfavorable year-to-date budget variance for this line item.



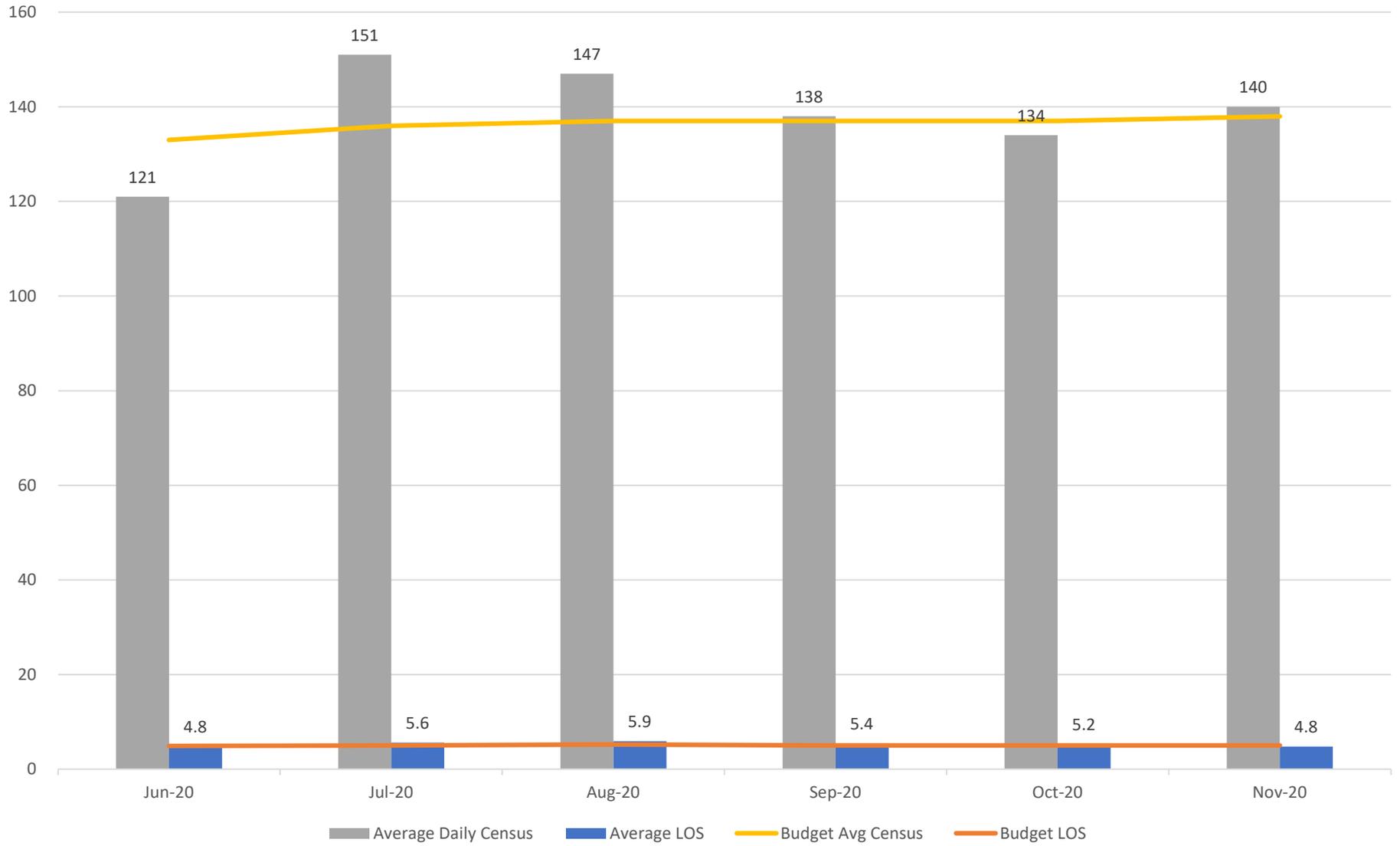
**BOARD OF GOVERNORS' REPORT
KERN MEDICAL – NOVEMBER 2020**

January 2021

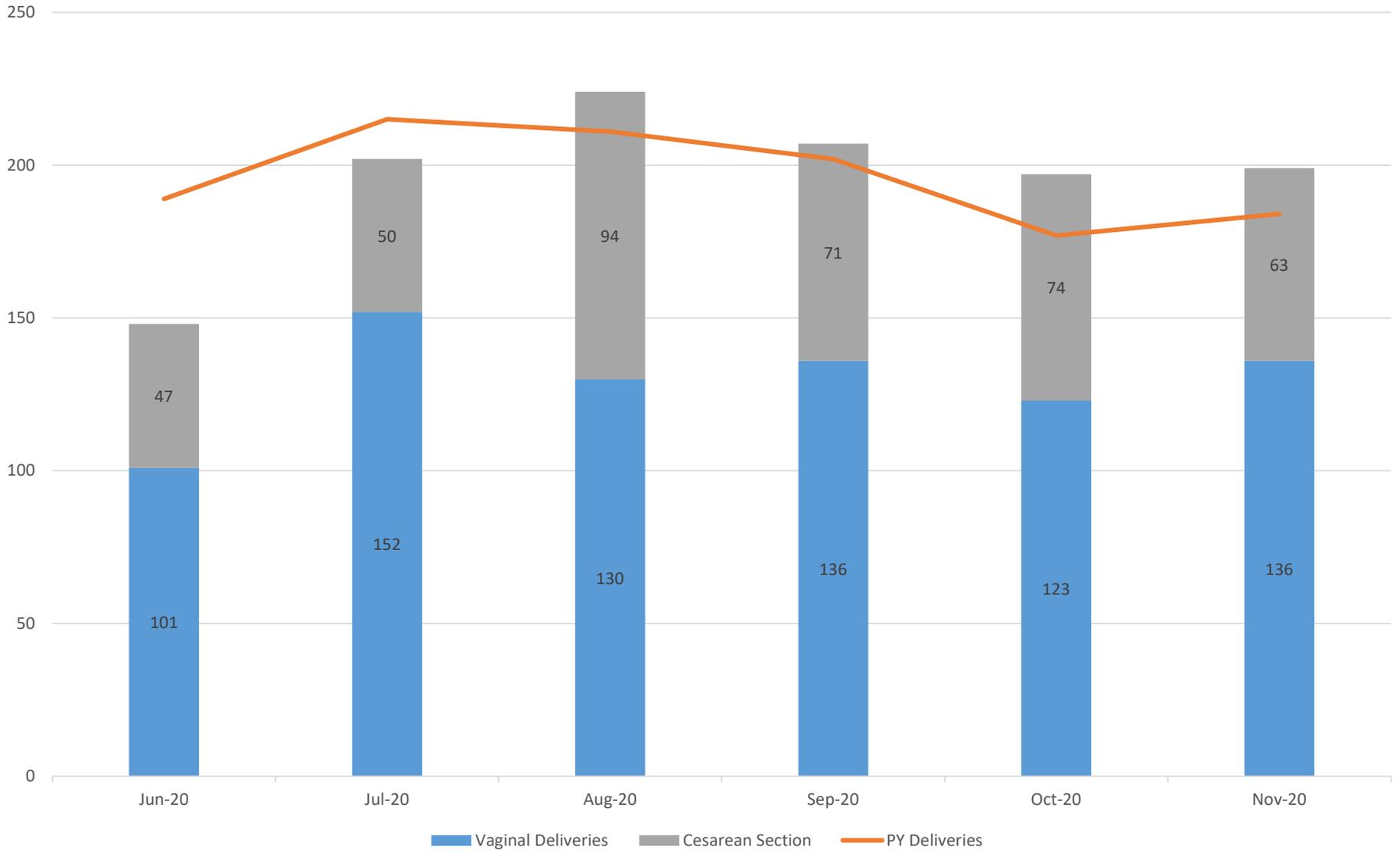
Hospital Volumes



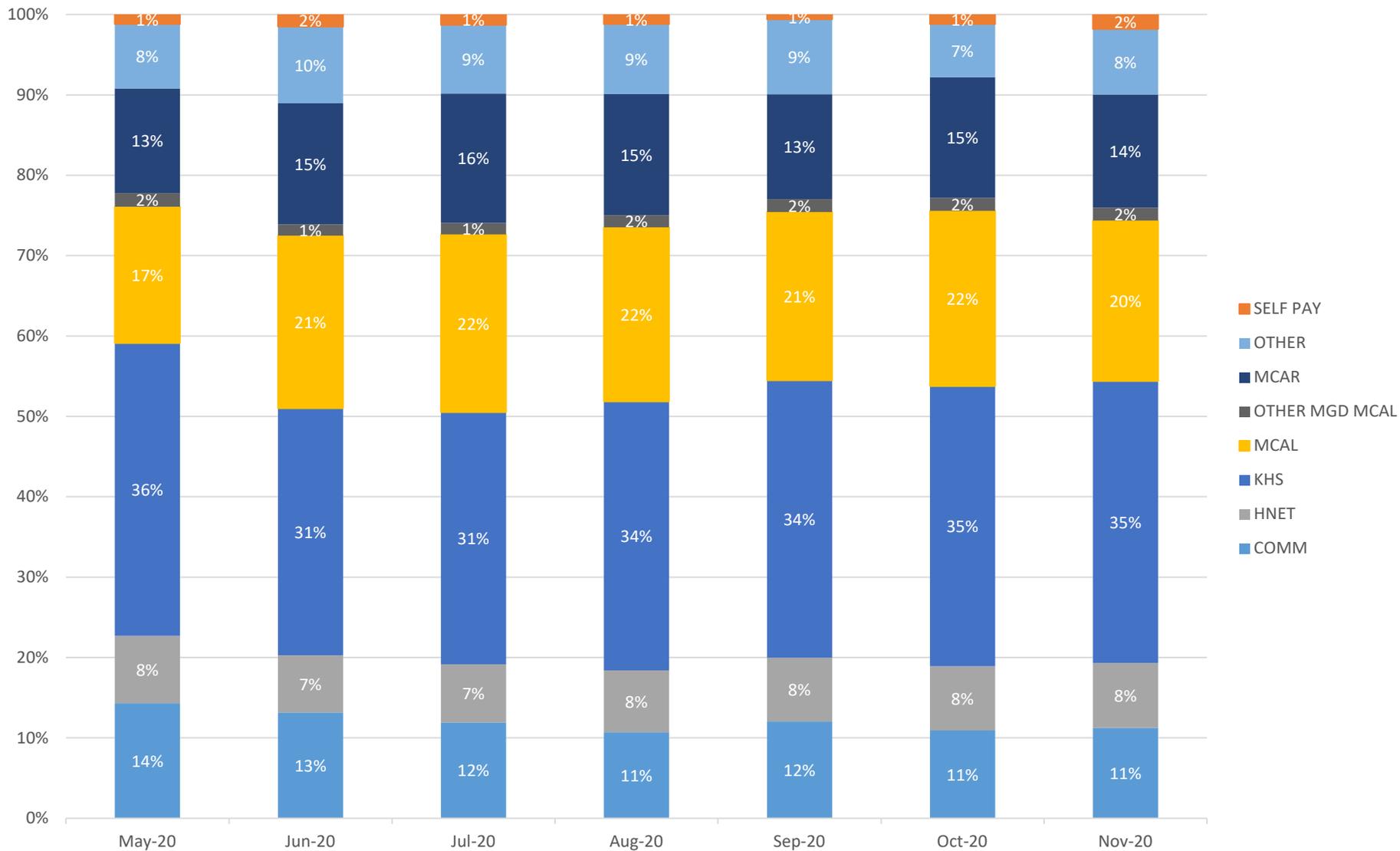
Census & ALOS



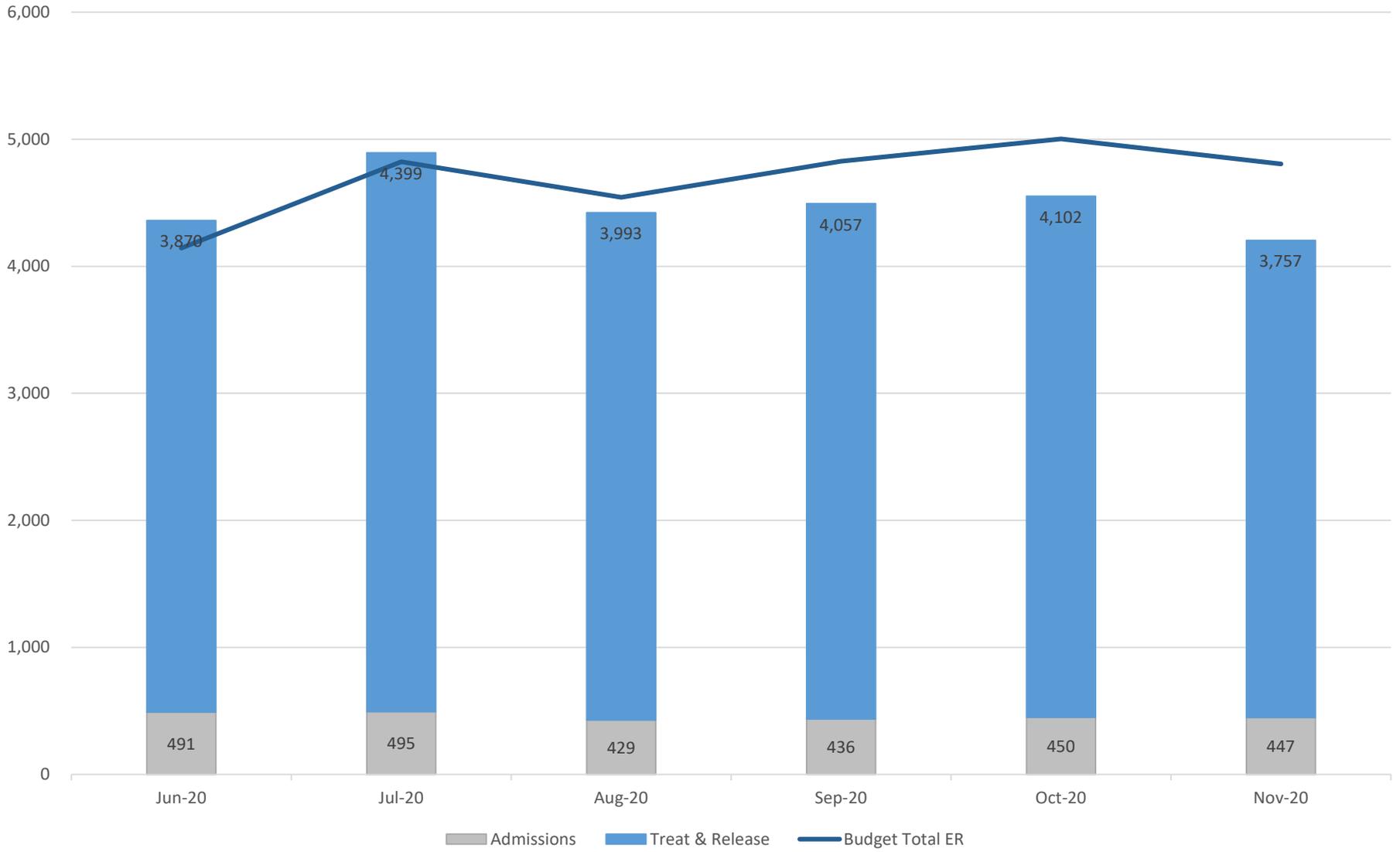
Deliveries



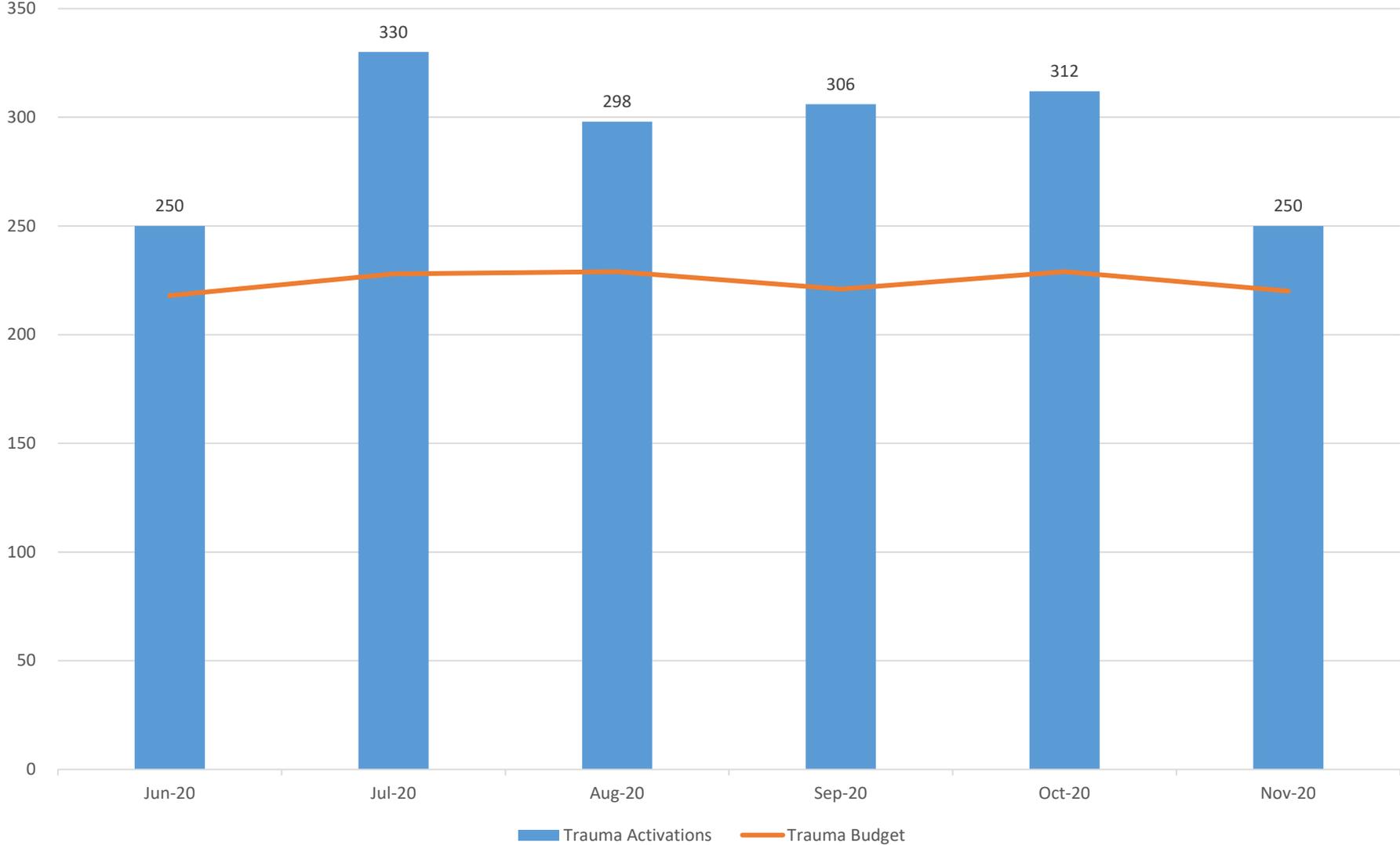
PAYER MIX



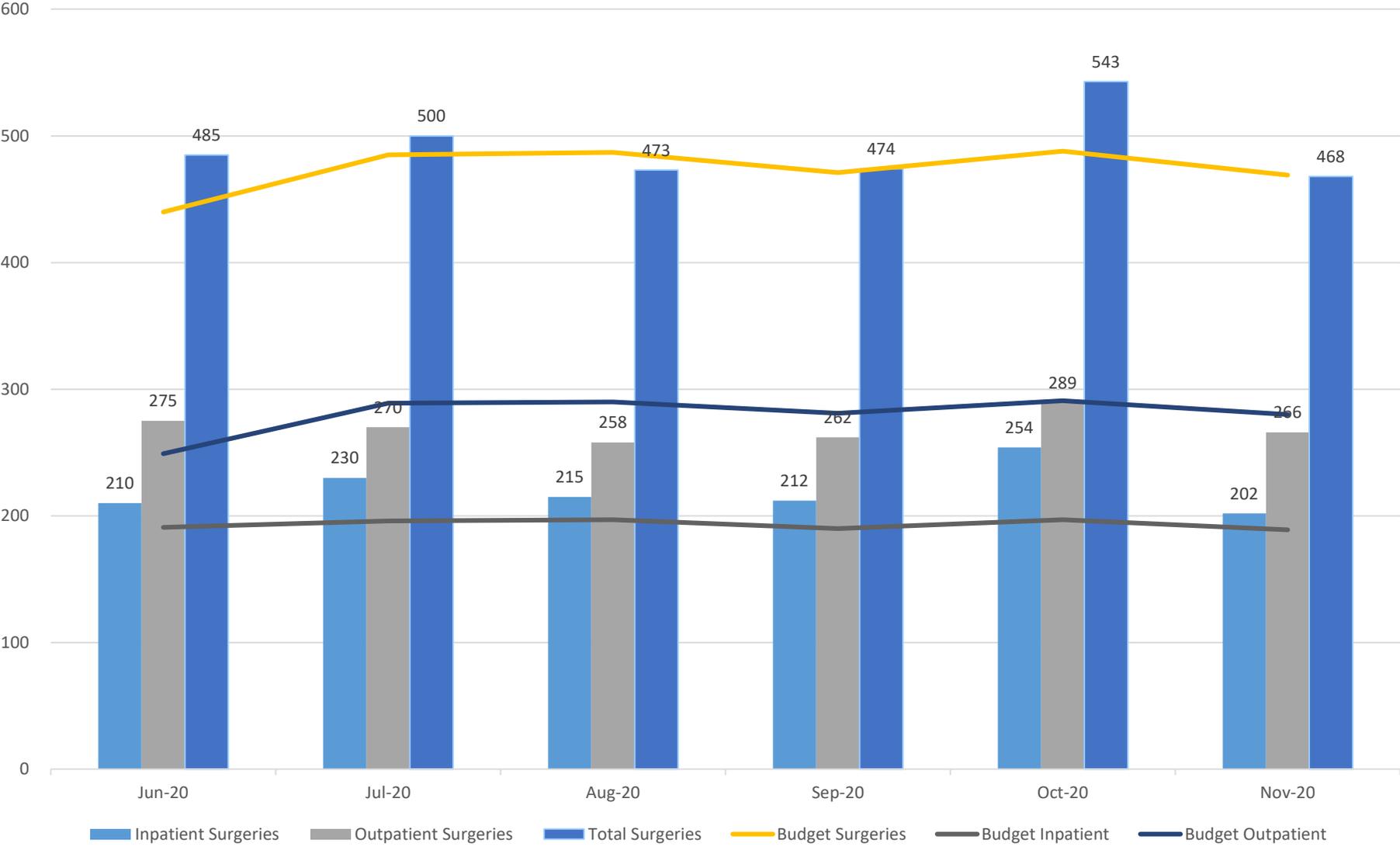
Emergency Room Volume



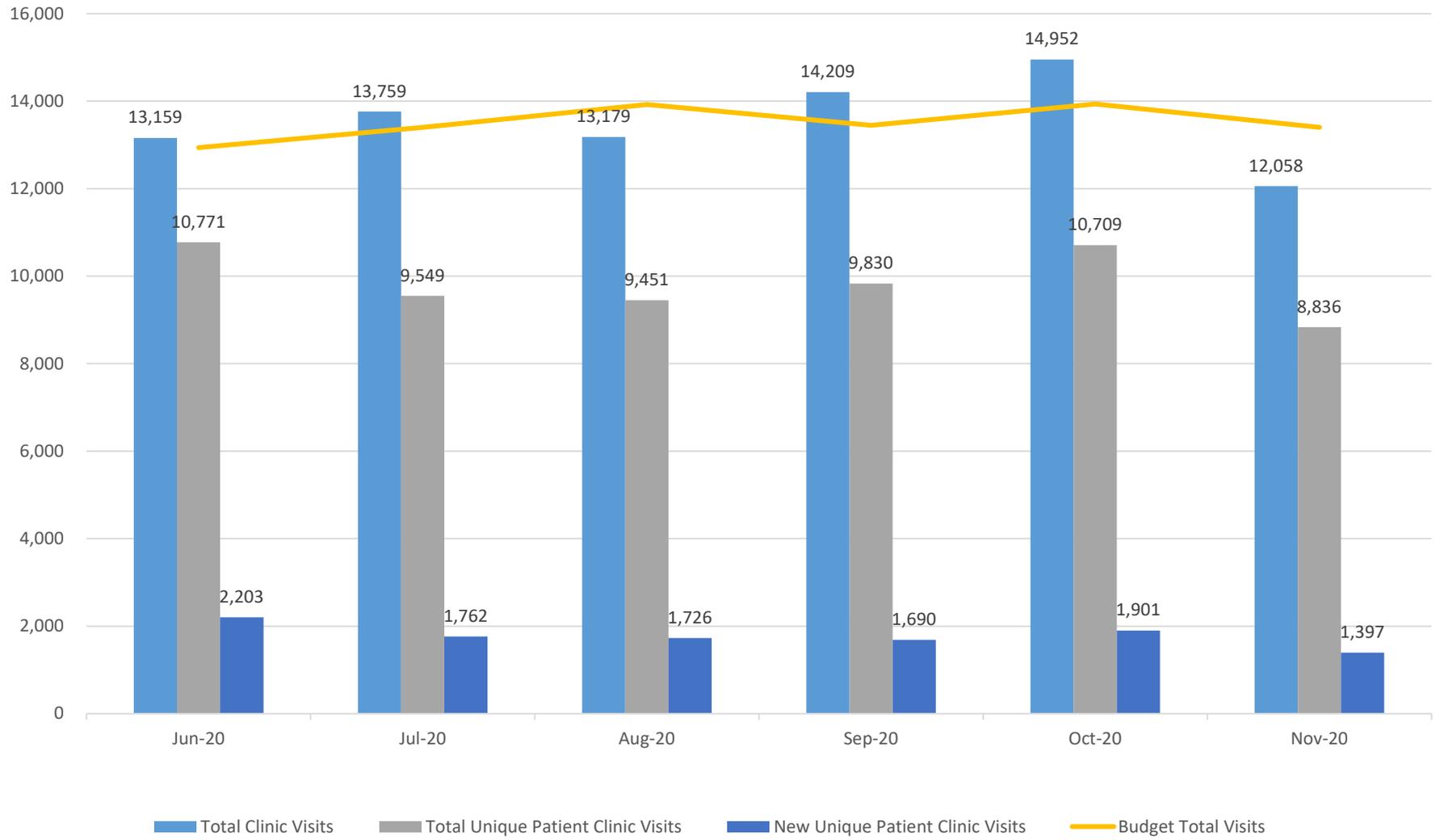
Trauma Activations



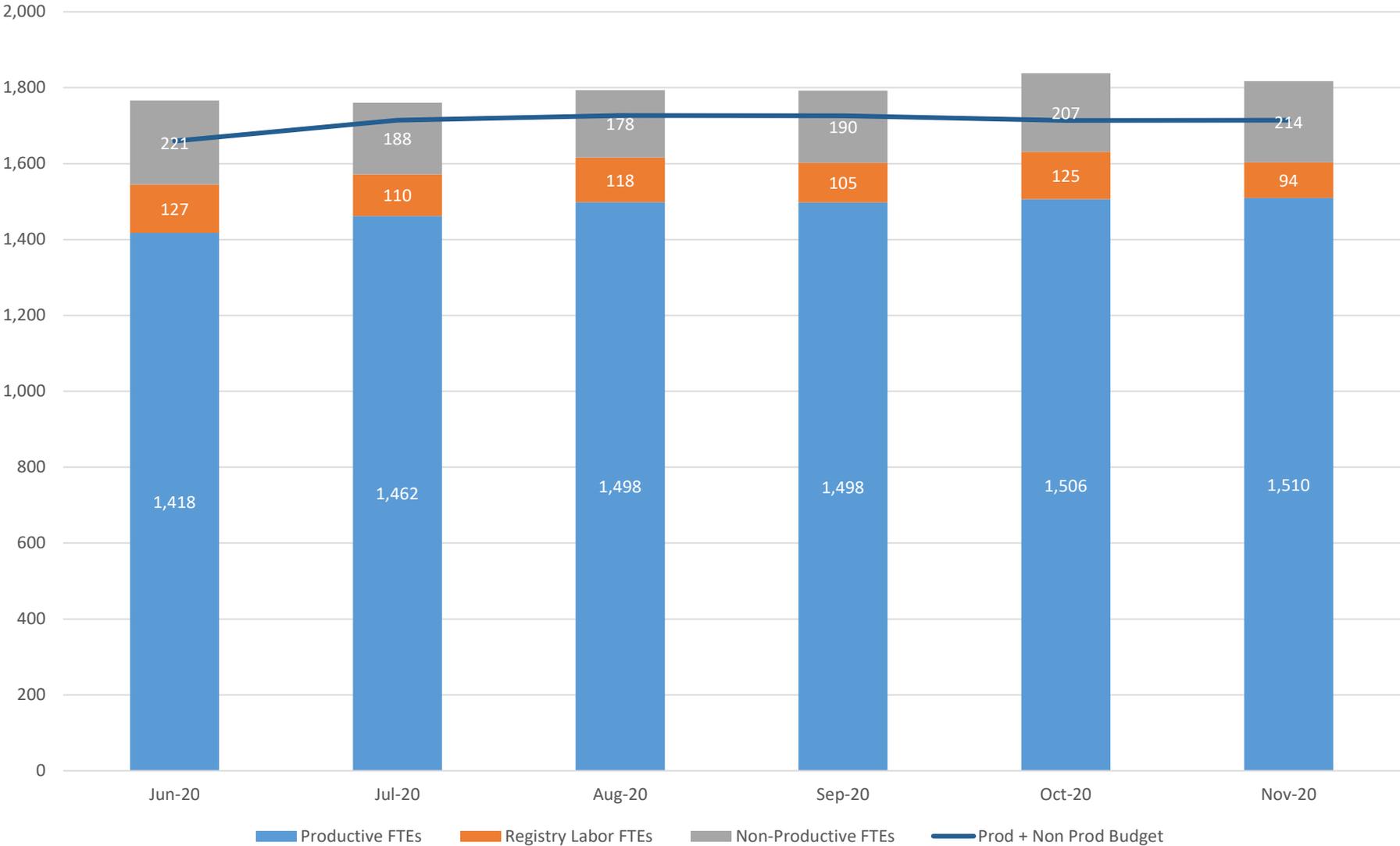
Surgical Volume



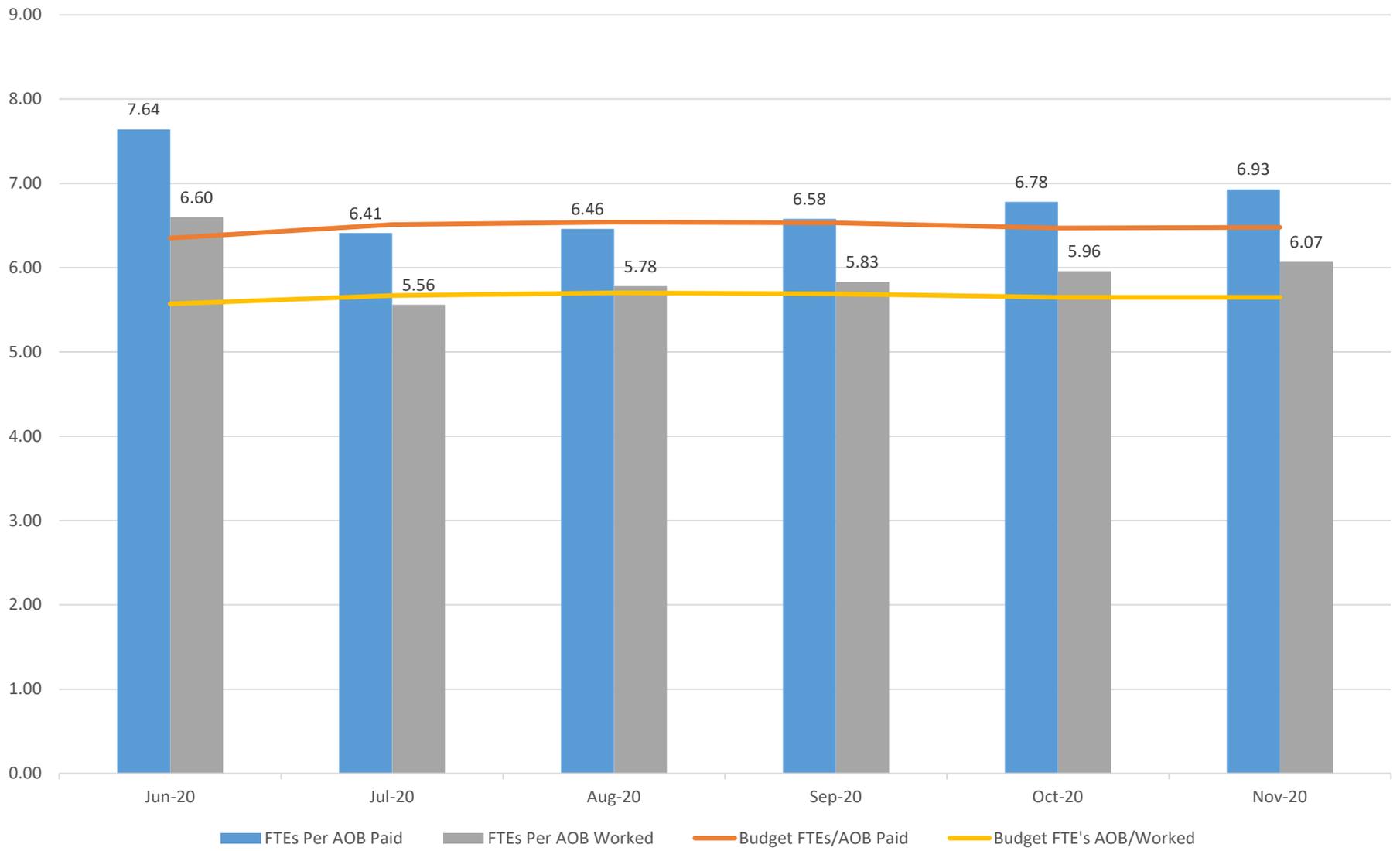
Clinic Visits



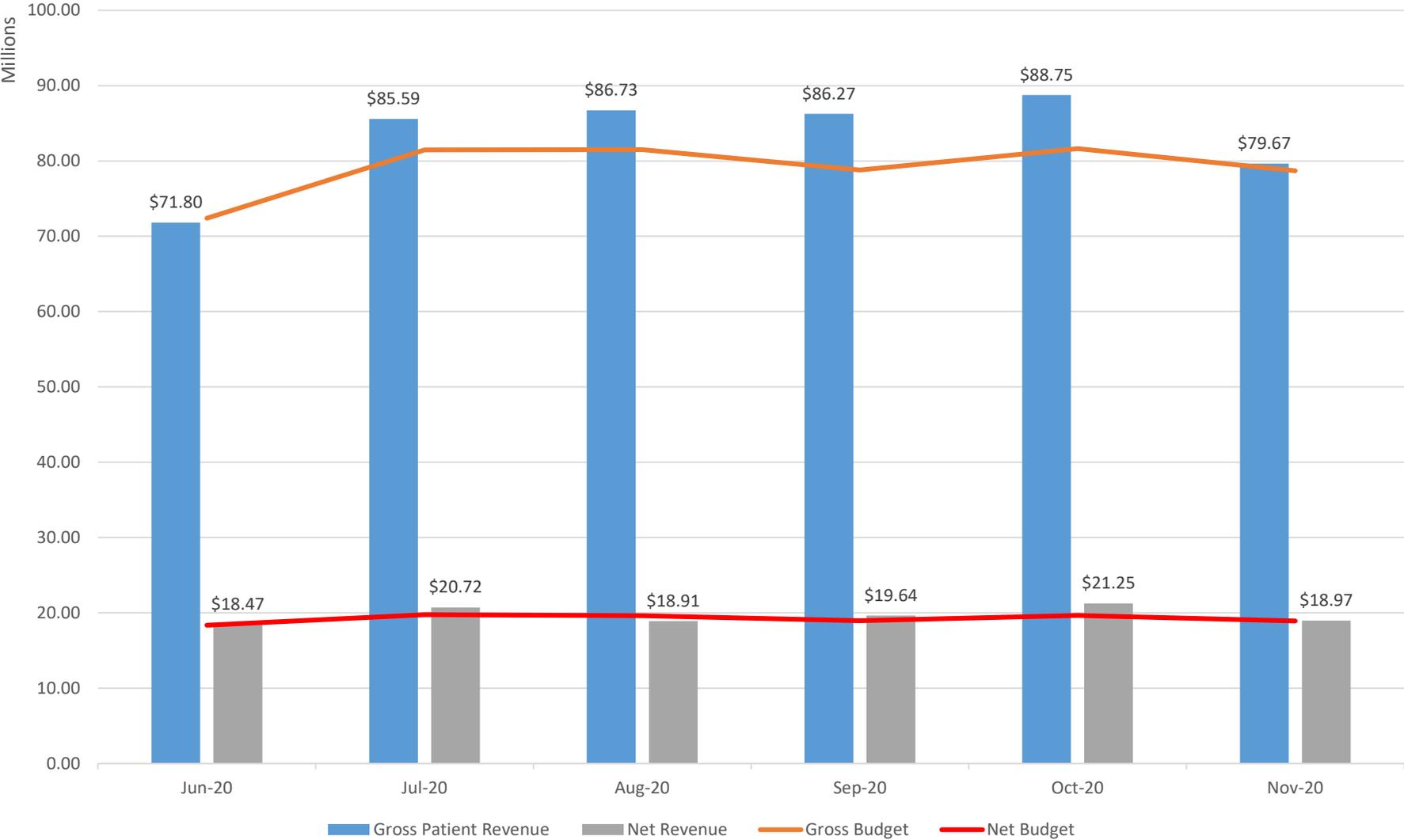
Productivity



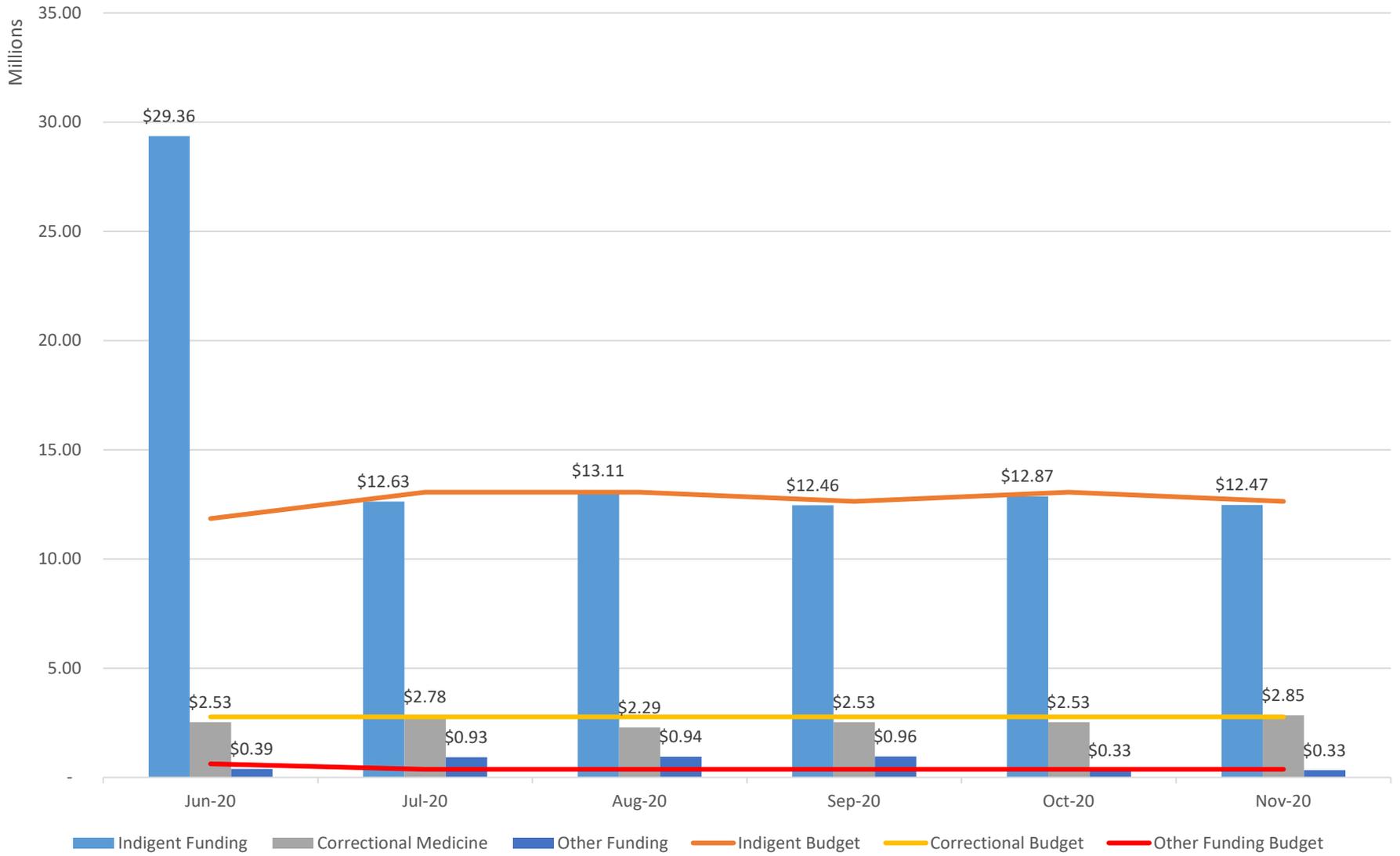
Labor Metrics



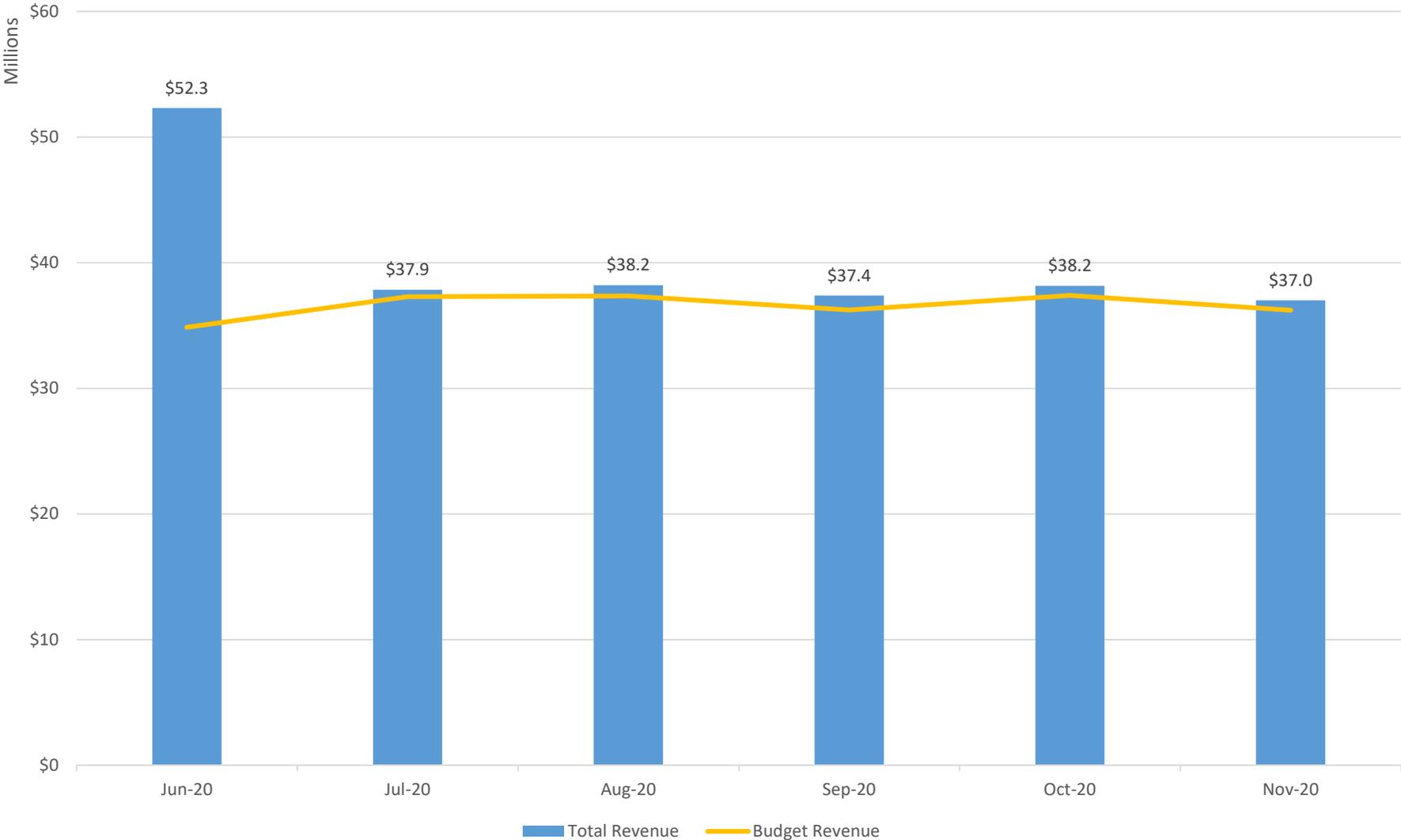
Patient Revenue



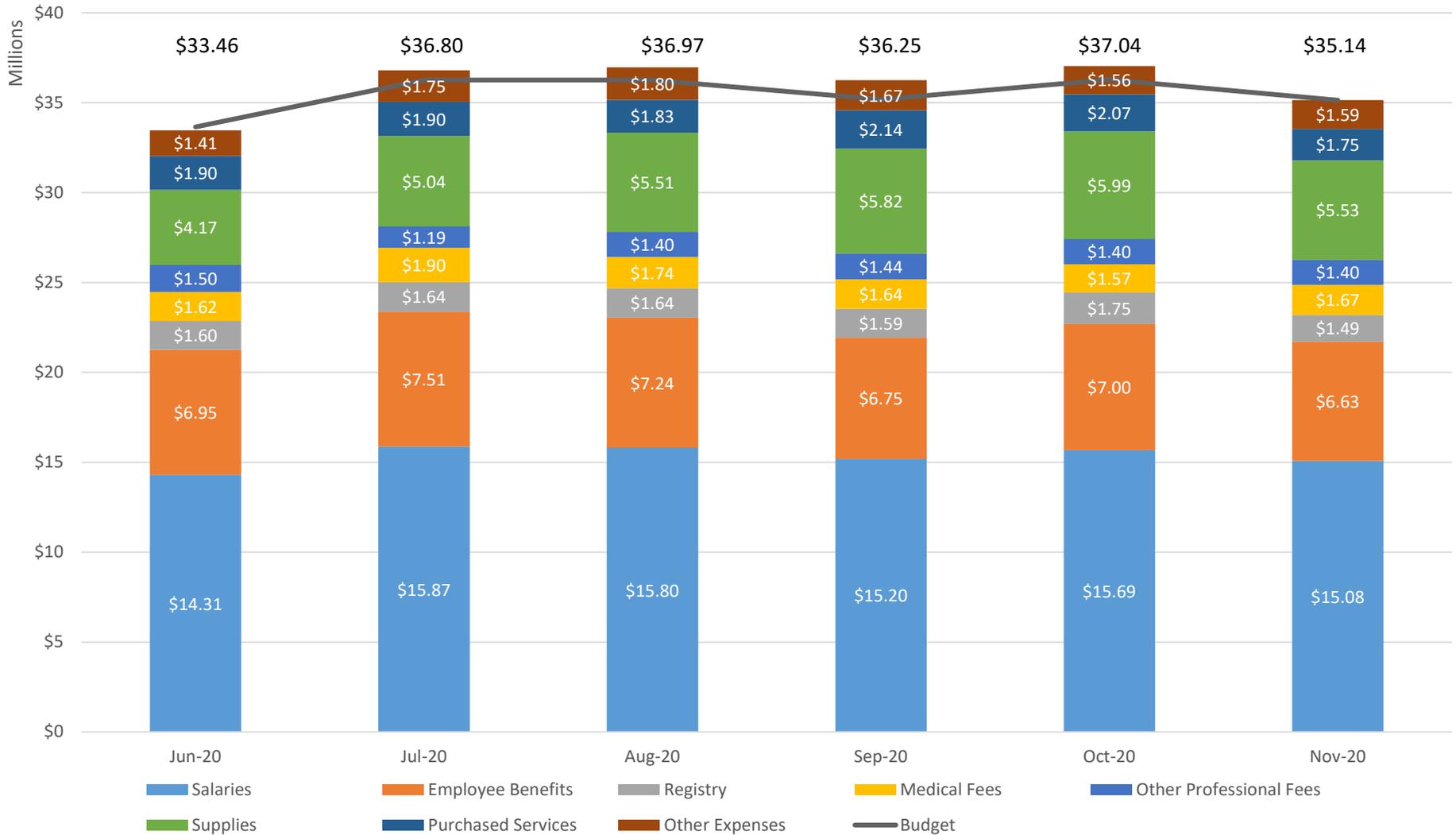
Indigent & Correctional Revenue



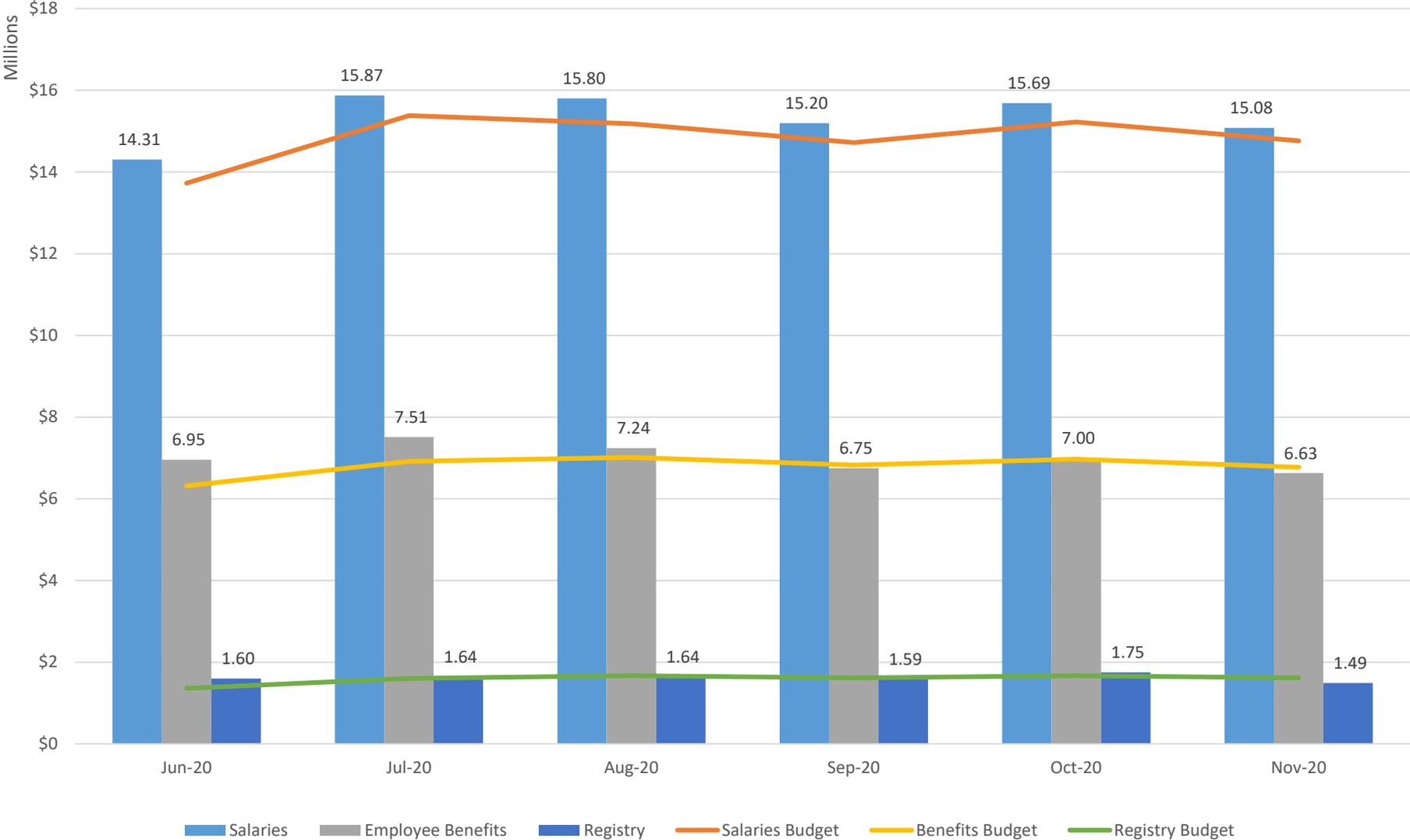
Total Revenue



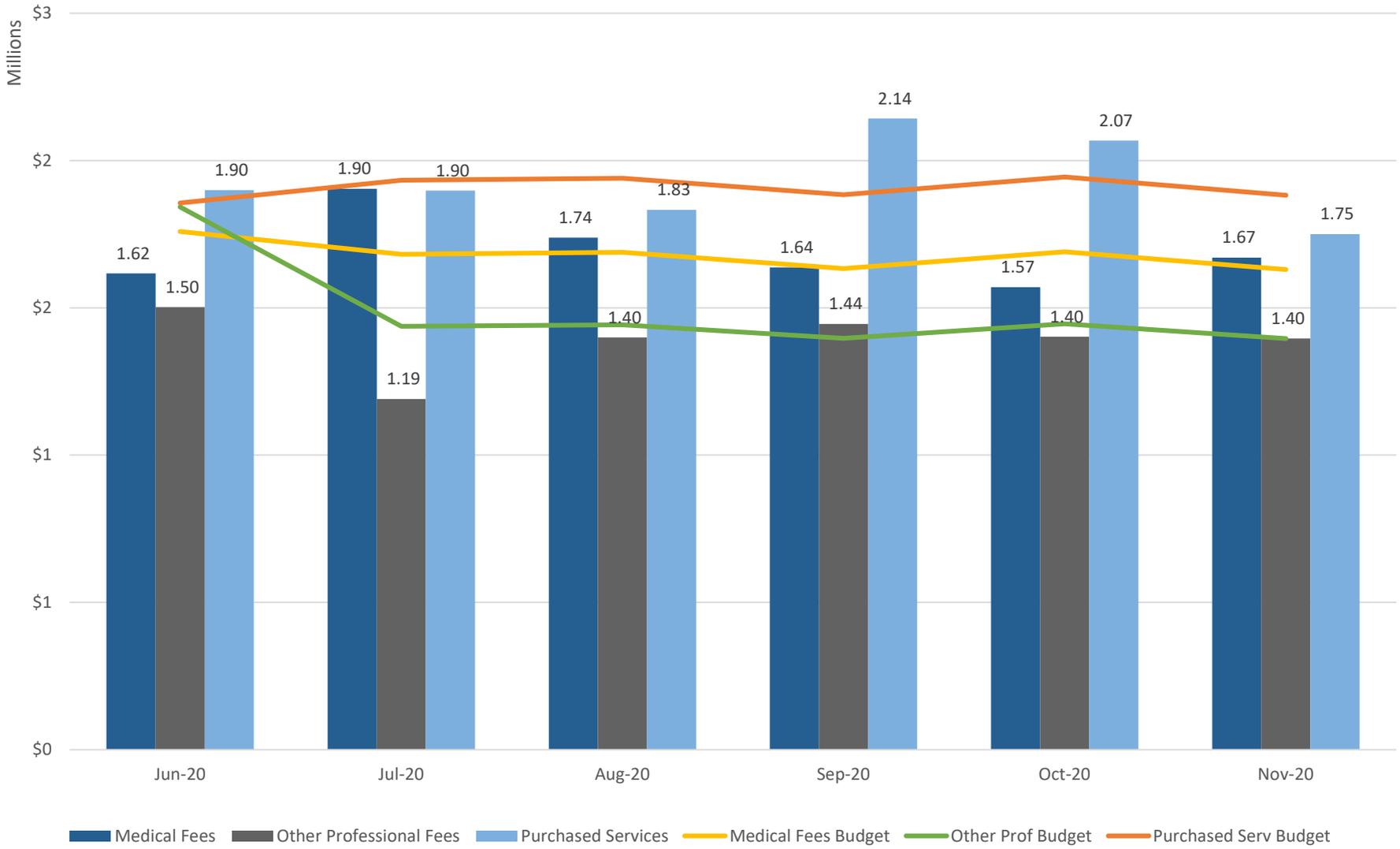
Expenses



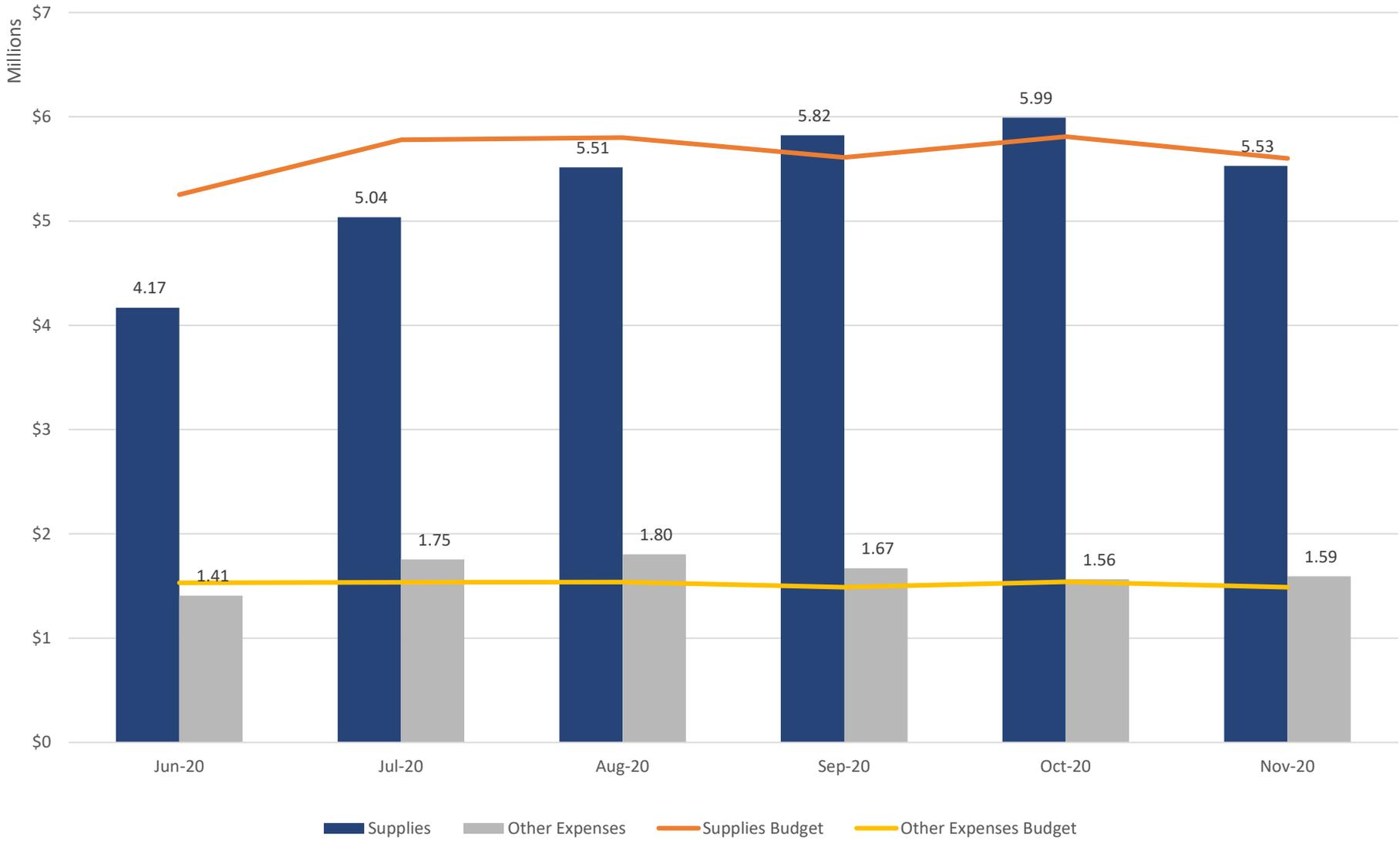
Salaries & Benefits



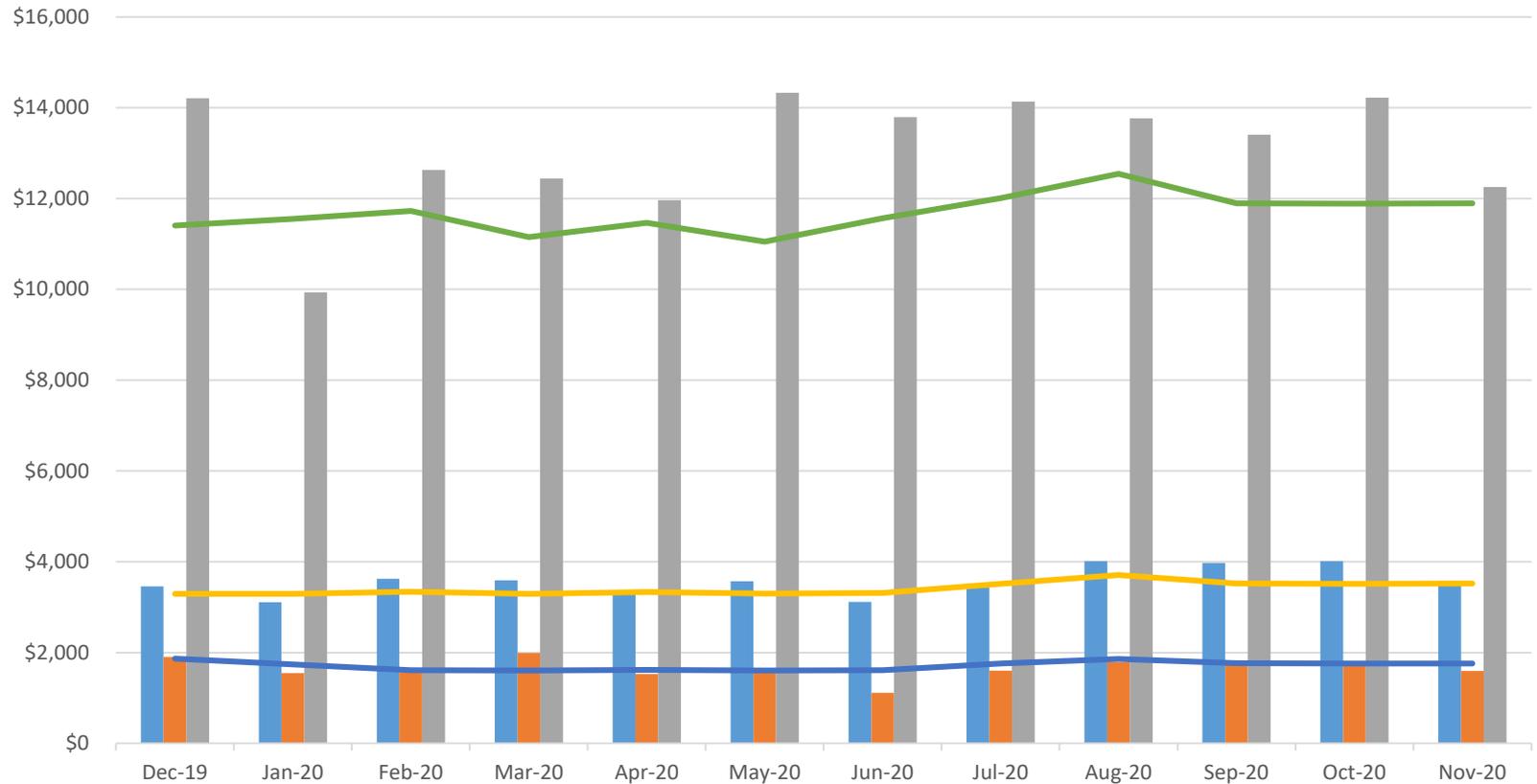
Purchased Services, Medical, & Other Prof Fees



Other Expenses & Supplies

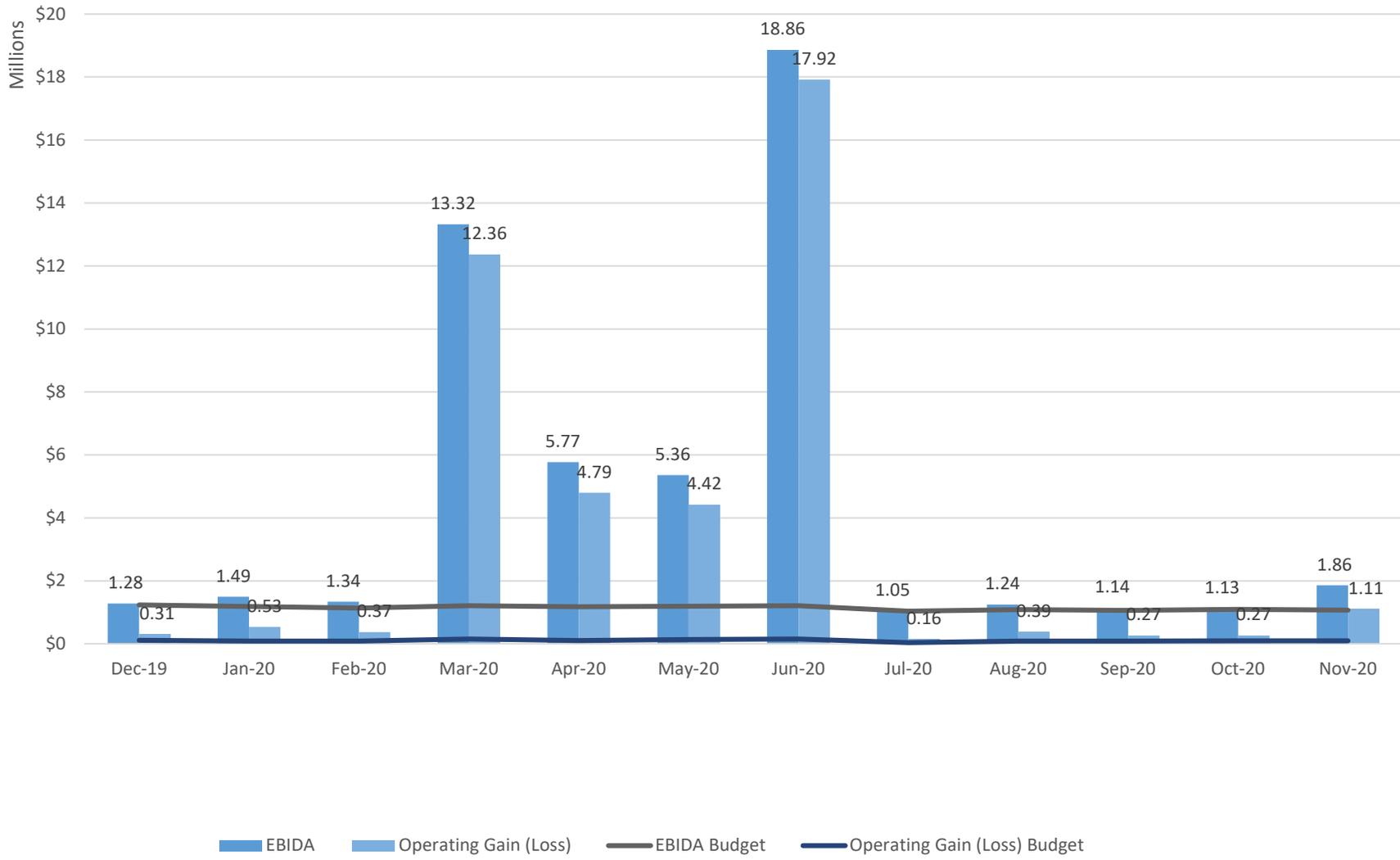


Operating Metrics

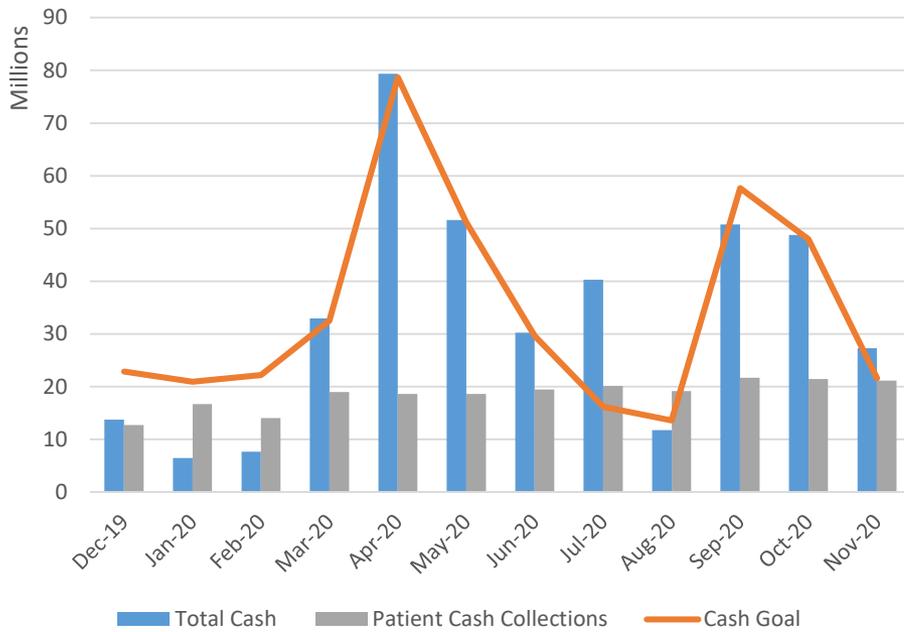


	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
Supply Expense per AA	\$3,457	\$3,110	\$3,627	\$3,592	\$3,365	\$3,568	\$3,114	\$3,436	\$4,014	\$3,973	\$4,011	\$3,574
Pharm Cost per AA	\$1,905	\$1,549	\$1,569	\$1,989	\$1,530	\$1,658	\$1,110	\$1,604	\$1,787	\$1,823	\$1,735	\$1,597
Net Revenue Per AA	\$14,212	\$9,934	\$12,632	\$12,444	\$11,963	\$14,333	\$13,794	\$14,139	\$13,765	\$13,403	\$14,225	\$12,256
Budget Supp/AA	\$3,293	\$3,291	\$3,343	\$3,293	\$3,330	\$3,298	\$3,314	\$3,513	\$3,711	\$3,520	\$3,517	\$3,519
Budget Pharm/AA	\$1,870	\$1,736	\$1,614	\$1,603	\$1,615	\$1,605	\$1,612	\$1,760	\$1,859	\$1,763	\$1,762	\$1,762
Budget Net Rev/AA	\$11,409	\$11,556	\$11,730	\$11,153	\$11,464	\$11,052	\$11,568	\$12,011	\$12,543	\$11,892	\$11,891	\$11,893

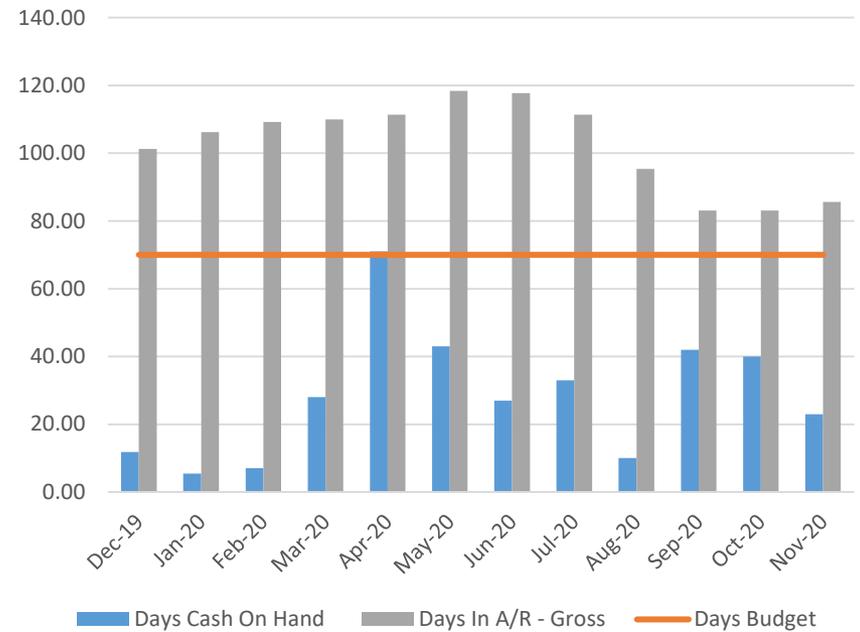
EBIDA 2020 FYTD



Cash 2020 YTD



AR Days 2020 YTD



KERN MEDICAL
3-Month Trend Analysis: Revenue & Expense
November 30, 2020

	SEPTEMBER	OCTOBER	NOVEMBER	BUDGET NOVEMBER	VARIANCE POS (NEG)	PY NOVEMBER
Gross Patient Revenue	\$ 86,273,837	\$ 88,747,831	\$ 79,669,458	\$ 78,694,271	1%	\$ 81,226,355
Contractual Deductions	(66,630,743)	(67,501,382)	(60,703,161)	(59,767,448)	2%	(60,432,238)
Net Revenue	19,643,094	21,246,449	18,966,297	18,926,823	0.2%	20,794,117
Indigent Funding	12,456,248	12,871,456	12,470,051	12,634,647	(1%)	12,190,725
Correctional Medicine	2,531,626	2,531,665	2,846,885	2,777,068	3%	2,443,735
County Contribution	285,211	285,211	285,211	285,211	0%	285,496
Incentive Funding	673,767	41,667	41,667	83,333	(50%)	(273,133)
Net Patient Revenue	35,589,945	36,976,448	34,610,111	34,707,082	(0.3%)	35,440,940
Other Operating Revenue	1,218,037	1,180,599	2,211,409	1,227,785	80%	872,657
Other Non-Operating Revenue	583,564	14,769	181,145	276,653	(35%)	1,094
Total Revenue	37,391,546	38,171,816	37,002,666	36,211,520	2%	36,314,691
Expenses						
Salaries	15,195,559	15,688,011	15,083,407	14,761,251	2%	15,752,618
Employee Benefits	6,746,980	6,999,601	6,629,351	6,770,936	(2%)	6,681,937
Registry	1,591,911	1,753,571	1,490,362	1,614,201	(8%)	1,895,707
Medical Fees	1,636,906	1,570,254	1,670,322	1,629,599	2%	1,536,773
Other Professional Fees	1,444,972	1,402,090	1,396,417	1,395,691	0.1%	1,529,484
Supplies	5,822,142	5,991,603	5,530,293	5,600,142	(1%)	4,937,326
Purchased Services	2,142,540	2,068,039	1,750,279	1,882,474	(7%)	1,408,854
Other Expenses	1,669,227	1,563,902	1,592,254	1,488,390	7%	1,505,400
Operating Expenses	36,250,237	37,037,071	35,142,685	35,142,684	0%	35,248,098
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 1,141,309	\$ 1,134,745	\$ 1,859,981	\$ 1,068,836	74%	\$ 1,066,593
EBIDA Margin	3%	3%	5%	3%	70%	3%
Interest	141,993	137,992	35,643	226,116	(84%)	219,742
Depreciation	477,225	474,267	455,582	497,585	(8%)	479,686
Amortization	256,257	256,257	256,257	251,489	2%	261,315
Total Expenses	37,125,713	37,905,587	35,890,168	36,117,874	(1%)	36,208,841
Operating Gain (Loss)	\$ 265,833	\$ 266,229	\$ 1,112,498	\$ 93,646	1,088%	\$ 105,851
Operating Margin	0.7%	0.7%	3.0%	0.26%	1,063%	0.03%

KERN MEDICAL
Year-to-Date: Revenue & Expense
November 30, 2020

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 427,019,134	\$ 401,862,732	6%	\$ 389,507,200	10%
Contractual Deductions	(327,532,485)	(305,194,052)	7%	(289,489,610)	13%
Net Revenue	99,486,649	96,668,680	3%	100,017,590	
Indigent Funding	63,540,667	64,436,701	(1%)	61,167,623	4%
Correctional Medicine	12,973,506	13,885,340	(7%)	12,718,673	2.0%
County Contribution	1,426,094	1,426,055	0%	1,425,820	0.0%
Incentive Funding	2,055,853	416,667	393%	1,060,200	94%
Net Patient Revenue	179,482,769	176,833,441	1%	176,389,906	2%
Other Operating Revenue	6,892,870	6,261,543	10%	5,789,564	19%
Other Non-Operating Revenue	2,257,986	1,390,368	62%	22,128	10,104%
Total Revenue	188,633,626	184,485,353	2%	182,201,598	4%
Expenses					
Salaries	77,642,115	75,196,796	3%	72,618,558	7%
Employee Benefits	35,129,604	34,376,270	2%	33,013,047	6%
Registry	8,111,980	8,230,201	(1%)	8,703,448	(6.8%)
Medical Fees	8,519,445	8,323,980	2%	8,433,125	1%
Other Professional Fees	6,832,957	7,117,160	(4%)	7,550,112	(9%)
Supplies	27,893,910	28,601,823	(2%)	28,007,860	(0.4%)
Purchased Services	9,690,618	9,583,395	1%	9,965,729	(3%)
Other Expenses	8,383,066	7,588,179	10%	7,788,382	8%
Operating Expenses	182,203,694	179,017,804	2%	176,080,261	3%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 6,429,932	\$ 5,467,549	18%	\$ 6,121,337	12%
EBIDA Margin	3%	3%	15%	3%	8%
Interest	604,371	1,153,194	(48%)	1,173,359	(48%)
Depreciation	2,352,915	2,515,065	(6%)	2,505,664	(6%)
Amortization	1,281,287	1,282,204	(0.1%)	568,065	126%
Total Expenses	186,442,267	183,968,266	1%	180,327,349	3%
Operating Gain (Loss)	\$ 2,191,359	\$ 517,086	324%	\$ 1,874,248	48%
Operating Margin	1%	0.3%	314%	1%	43%

**KERN MEDICAL
BALANCE SHEET**

	NOVEMBER 2020	NOVEMBER 2019
ASSETS:		
<i>Total Cash</i>	\$ 27,259,445	\$ 26,755,536
Patient Receivables Subtotal	239,659,674	232,167,570
Contractual Subtotal	(191,816,819)	(176,336,881)
<i>Net Patient Receivable</i>	47,842,855	55,830,688
Total Indigent Receivable	162,935,894	104,729,677
Total Other Receivable	4,838,751	10,506,502
Total Prepaid Expenses	3,490,575	4,199,730
Total Inventory	6,003,816	5,542,359
<i>Total Current Assets</i>	252,371,335	207,564,492
Deferred Outflows of Resources	87,863,462	85,175,702
Investments Deposited with Trustee	0	931,830
Total Land, Equipment, Buildings and Intangib	194,532,751	193,492,103
Total Construction in Progress	21,091,773	7,156,093
<i>Total Property, Plant & Equipment</i>	215,624,523	200,648,196
Total Accumulated Depr & Amortization	(119,315,636)	(110,488,928)
<i>Net Property, Plant, and Equipment</i>	96,308,887	90,159,268
<i>Total Long Term Assets</i>	87,863,462	86,107,531
<i>Total Assets</i>	\$ 436,543,684	\$ 383,831,291

**KERN MEDICAL
BALANCE SHEET**

	NOVEMBER 2020	NOVEMBER 2019
LIABILITIES & EQUITY:		
Total Accounts Payable	\$ 13,922,230	\$ 23,851,399
Total Accrued Compensation	40,935,697	31,523,610
Total Due Government Agencies	37,451,619	40,519,548
Total Other Accrued Liabilities	51,044,055	49,986,122
<i>Total Current Liabilities</i>	143,353,602	145,880,678
Unfunded Pension Liability	322,103,797	307,234,709
Other Long-Term Liabilities	96,456,658	113,006,704
<i>Total Long-Term Liabilities</i>	418,560,455	420,241,413
<i>Total Liabilities</i>	561,914,057	566,122,091
Fund Balance	36,714,022	36,714,021
Retained Earnings	(162,084,395)	(219,004,822)
<i>Total Fund Balance</i>	(125,370,373)	(182,290,801)
<i>Total Liabilities and Fund Balance</i>	\$ 436,543,684	\$ 383,831,291



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

January 20, 2021

Subject: Kern County Hospital Authority Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

The Chief Executive Officer of the Kern County Hospital Authority will provide your Board with a hospital-wide update.

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on January 20, 2021, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on January 20, 2021, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: One (1)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on January 20, 2021, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Kern County Hospital Authority, a Governmental entity v. California Department of Corrections and Rehabilitation, et al., Kern County Superior Court Case No. BCV-20-102979 DRL
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**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on January 20, 2021, to consider:

 X PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: President, Hospital and Clinic Operations (Government Code Section 54957) –