



## **AGENDA**

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

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

Regular Meeting  
Wednesday, January 21, 2026

11:30 A.M.

#### **BOARD TO RECONVENE**

Board Members: Anderson, Berjis, McLaughlin, Merz, Pelz, Pollard, Stout  
Roll Call:

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" OR "C" ARE CONSIDERED TO BE ROUTINE AND NON-CONTROVERSIAL BY KERN COUNTY HOSPITAL AUTHORITY STAFF. THE "CA" OR "C" 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 the Kern County Hospital Authority Board of Governors regular meeting on December 17, 2025 –  
APPROVE

CA

- 4) Proposed Change Order No. 1 to Agreement 052-2025 with Hillrom, Inc., a subsidiary of Baxter Health Corporation, an independent contractor, for additional labor, material and equipment to complete the nurse call light project, increasing the maximum payable by \$14,755, from \$1,379,650 to \$1,394,405, to cover the cost of additional services –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 5) Proposed Agreement with McMurtrey Lince, Inc., an independent contractor, for general contracting, maintenance, and repair services from January 21, 2026 through January 20, 2029, in an amount not to exceed \$450,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed Agreement with Perspective Design Architects, Inc., doing business as PDA, Inc., an independent contractor, for design and construction administration for budgeted construction projects from January 21, 2026 through January 20, 2029, in an amount not to exceed \$750,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Quotes 98828 and Q-100798 with Skytron, LLC, an independent contractor, for replacement and installation of surgical lights in the surgical suites and emergency department, in an amount not to exceed \$391,340, effective January 21, 2026 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Amendment No. 2 to Agreement 025-2023 with Solventum Health Information Systems, Inc., formerly known as 3M Health Information Systems, Inc., an independent contractor, for annual purchase of coding software for the period August 28, 2023 through August 27, 2028, increasing the maximum payable by \$1,009,611, from \$3,710,236 to \$4,719,847, to cover the term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Amendment No. 4 to Agreement 006-2020 with Neurodiagnostic Workforce LLC, an independent contractor, for neurodiagnostic monitoring services for the period February 12, 2020 through February 11, 2026, extending the term for two years from February 12, 2026 through February 11, 2028, and increasing the maximum payable by \$900,000, from \$2,552,000 to \$3,452,000, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed request to increase the maximum payable on Service Agreement 39625 with Hayes Locums, an independent contractor, for temporary physician staffing, increasing the annual maximum payable by \$500,000, from \$250,000 to \$750,000, to cover the extended term –  
APPROVE

CA

- 11) Proposed Amendment No. 26 and Ordering Document CPQ-3730224 to Agreement 2016-36 with Cerner Corporation, a subsidiary of Oracle Corporation, an independent contractor, for participation in the Oracle Health Learning Health Network at no cost –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed Rental Agreement and Addenda with UBEO West, LLC, an independent contractor, containing nonstandard terms and conditions, establishing new terms and conditions for the lease and maintenance of photocopy machines and printers –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 13) Proposed Agreement with Teleflex LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of urology supplies and equipment from January 21, 2026 through January 20, 2027, in an amount not to exceed \$100,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 14) Proposed retroactive First Amendment to Sales Order Form Q-130142 with Inovalon Provider, Inc., an independent contractor, for of the provision of claims management services, in an amount not to exceed \$440,747, effective December 1, 2025 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 15) Proposed Quote 20317577 with TSI Incorporated, an independent contractor, containing nonstandard terms and conditions, for service and calibration of anesthesia equipment from January 21, 2026 through January 20, 2029, in an amount not to exceed \$3,390 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 16) Proposed Quote 20317635 with TSI Incorporated, an independent contractor, containing nonstandard terms and conditions, for service and calibration of two Portacount fit testing machines from January 21, 2026 through January 20, 2028, in an amount not to exceed \$5,320 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 17) Proposed retroactive Amendment No. 2 to Agreement 117-2024 with Kern Medical Center Foundation for administrative management of the Foundation, in an amount payable by the Foundation not to exceed \$496,901.48 for the period October 1, 2025 through September 30, 2026 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 18) Proposed Statement of Institutional Commitment to Graduate Medical Education in support of residency and fellowship training programs sponsored by Kern Medical Center, as required by Accreditation Council for Graduate Medical Education from January 21, 2026 through January 21, 2031 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 19) Proposed annual report on the structural performance of Kern Medical Center buildings in compliance with Health and Safety Code section 130066.5 –  
RECEIVE AND FILE

CA

- 20) Report on upcoming anticipated retroactive agreements –  
RECEIVE AND FILE

- 21) Report of Independent Auditors from Baker Tilly US, LLP regarding the audit of Kern Medical Center financial statements for the fiscal year ended June 30, 2025 –  
RECEIVE AND FILE; REFER TO KERN COUNTY BOARD OF SUPERVISORS

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

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

CA

- 24) Monthly report on What's Happening at Kern Medical Center –  
RECEIVE AND FILE

CA

- 25) Claims and Lawsuits Filed as of December 31, 2025 –  
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 26) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 27) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) –

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

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, FEBRUARY 18, 2026 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.

CA

25) CLAIMS AND LAWSUITS FILED AS OF DECEMBER 31, 2025  
RECEIVE AND FILE

- A) Summons and Complaint in the matter of Daymian Nathaniel Tapia Salgado a minor by and through his Guardian ad Litem, Brianna Tapia; Brianna Tapia individually v. Kern Medical aka Kern Medical Center; Kurt Finberg, M.D.; Karina Grinberg, M.D.; Vikas Nookla, M.D.; and DOES 1 to 100, Kern County Superior Court Case No. BCV-25-103467 TSC
- B) Application for Leave to File Late Government Claims for Personal Injury of Keven Enriquez, by and through his Guardian ad Litem, Yvonne Curiel



## **SUMMARY OF PROCEEDINGS**

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

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

**Regular Meeting**  
Wednesday, December 17, 2025

11:30 A.M.

#### **BOARD RECONVENED**

Board Members: Anderson, Berjis, McLaughlin, Merz, Pelz, Pollard, Stout  
Roll Call: 7 Present

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

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

#### **BOARD ACTION SHOWN IN CAPS**

#### **PUBLIC PRESENTATIONS**

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. 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)) –  
**NO ONE HEARD**

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on November 19, 2025 –  
APPROVED  
**Pelz-Merz: All Ayes**

CA

- 4) Proposed Agreement with Beckman Coulter, an independent contractor, for purchase of laboratory equipment, service, and maintenance from December 17, 2025 through December 16, 2032, in an amount not to exceed \$1,150,000, plus applicable taxes and shipping fees –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 137-2025  
**Pelz-Merz: All Ayes**

CA

- 5) Proposed First Amendment to Agreement 556-2016 with the County of Kern for use, maintenance, repair, and replacement of common areas within the Kern Medical Center complex –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 138-2025  
**Pelz-Merz: All Ayes**

CA

- 6) Proposed Quotation 7000469537 with Acist Medical Systems, Inc., an independent contractor, containing nonstandard terms and conditions, for repair of a contrast injector, effective December 17, 2025, in an amount not to exceed \$3,075, plus applicable taxes and shipping fees –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 139-2025  
**Pelz-Merz: All Ayes**

CA

- 7) Proposed Quotation 00209271 with Advanced Sterilization Products, an independent contractor, containing nonstandard terms and conditions, for service and maintenance of surgical instruments from December 17, 2025 through December 16, 2028, in an amount not to exceed \$116,802, plus applicable taxes and shipping fees –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 140-2025  
**Pelz-Merz: All Ayes**

CA

- 8) Proposed Agreement with Nwestco, LLC, an independent contractor, for removal of the underground fuel tank, in an amount not to exceed \$119,630, effective December 17, 2025, until project completion –

MADE FINDING THAT THE 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 141-2025; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE TOTAL CONTRACT NOT TO EXCEED \$119,630

**Pelz-Merz: All Ayes**

CA

- 9) Proposed Agreement with Organon, LLC, an independent contractor, containing nonstandard terms and conditions, for the purchase of the Jada System 2.0 vacuum induced hemorrhage control system, in an amount not to exceed \$45,000, plus applicable taxes and shipping fees –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 142-2025

**Pelz-Merz: All Ayes**

CA

- 10) Proposed Agreement with Aurora Surgical LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of surgical eyelid implants and supplies from December 17, 2025 through December 16, 2026, in an amount not to exceed \$30,000, plus applicable taxes and shipping fees –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 143-2025

**Pelz-Merz: All Ayes**

CA

- 11) Proposed Quote Q-1404817 with Lansweeper Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of a software subscription to support Information Technology Asset Management, from December 17, 2025 through December 16, 2026, in an amount not to exceed \$18,896 –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 144-2025

**Pelz-Merz: All Ayes**

CA

- 12) Proposed Quote Q-468557 with Imprivata, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase compliance and privacy software from December 31, 2025 through December 30, 2028, in an amount not to exceed \$171,361 –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 145-2025

**Pelz-Merz: All Ayes**

CA

- 13) Proposed Renewal Subscription to License Agreement 04518 with Decision Resources Group, Inc., an affiliate of Clarivate PLC, on behalf of its Healthcare Business Insights division, an independent contractor, for renewal of the Revenue Cycle Academy/E-Learning Membership for the period February 12, 2018 through February 11, 2026, extending the term one year from February 12, 2026 through February 11, 2027, and increasing the maximum payable by \$32,676, from \$223,978 to \$256,654, to cover the extended term –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 146-2025

**Pelz-Merz: All Ayes**

CA

- 14) Proposed Agreement with Sequoia Brain & Spine, Inc., A California Medical Corporation, an independent contractor, for professional medical services in the Department of Surgery from May 1, 2026 through April 30, 2029, in an amount not to exceed \$9,330,675 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 147-2025  
**Pelz-Merz: All Ayes**

CA

- 15) Proposed Order Form with ICare USA, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of a IC200 Tonometer intraocular pressure measurement device, in an amount not to exceed \$5,456, plus applicable taxes and shipping –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 148-2025  
**Pelz-Merz: All Ayes**

CA

- 16) Proposed Order Form with ICare USA, Inc., an independent contractor, containing nonstandard terms and conditions, for repair of a IC100 Tonometer intraocular pressure measurement device, in an amount not to exceed \$930, plus applicable taxes and shipping –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 149-2025  
**Pelz-Merz: All Ayes**

CA

- 17) Report on upcoming anticipated retroactive agreements –  
RECEIVED AND FILED  
**Pelz-Merz: All Ayes**

- 18) Kern County Hospital Authority Chief Financial Officer report –  
CHIEF FINANCIAL OFFICER ANDREW CANTU HEARD; DIRECTOR PELZ HEARD REGARDING STATUS OF RESERVES; DIRECTOR BERJIS ASKED IF THE DECREASE IN CENSUS CAN BE ATTRIBUTED TO A PARTICULAR ISSUE; RECEIVED AND FILED  
**Berjis-Pollard: All Ayes**

- 19) Kern County Hospital Authority Chief Executive Officer report –  
CHIEF EXECUTIVE OFFICER SCOTT THYGERSON HEARD; RECEIVED AND FILED  
**Anderson-Stout: All Ayes**

CA

- 20) Monthly report on What's Happening at Kern Medical Center –  
RECEIVED AND FILED  
**Pelz-Merz: All Ayes**

CA

- 21) Claims and Lawsuits Filed as of November 30, 2025 –  
RECEIVED AND FILED  
**Pelz-Merz: All Ayes**

ADJOURNED AS KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS;  
RECONVENED AS KERN MEDICAL SURGERY CENTER, LLC BOARD OF MANAGERS  
**Pelz-Anderson**

- C-22) Kern Medical Surgery Center, LLC, Administrative Report –  
RECEIVED AND FILED  
**Pollard-Berjis: All Ayes**
- C-23) Proposed credentialing recommendations –  
APPROVED  
**Pollard-Berjis: All Ayes**
- C-24) Proposed Agreement with Global Healthcare Exchange, LLC, an independent contractor, containing nonstandard terms and conditions, for access to the Vendormate platform for the screening and monitoring of vendor representatives from December 17, 2025 through December 16, 2028, at no cost –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 150-2025  
**Pollard-Berjis: All Ayes**
- 25) Presentation on Report of Independent Auditors from Baker Tilly US, LLP, regarding the audit of Kern Medical Surgery Center, LLC financial statements for the fiscal year ended June 30, 2024 –  
KIMBERLY SOKOLOFF AND KRISTEN OLKO, BAKER TILLY US, LLP, MADE PRESENTATION; DIRECTOR MCLAUGHLIN HEARD INQUIRED ABOUT THE EFFECT OF MATERIAL FINDINGS; DIRECTORS ANDERSON AND STOUT HEARD REGARDING GUIDANCE ON INTERNAL CONTROLS TO MITIGATE POTENTIAL RISKS; CHIEF FINANCIAL OFFICER ANDREW CANTU RESPONDED THAT CHANGES ARE BEING MADE TO TIGHTEN INTERNAL CONTROLS; RECEIVED AND FILED  
**Pelz-Anderson: All Ayes**

ADJOURNED AS KERN MEDICAL SURGERY CENTER, LLC, BOARD OF MANAGERS;  
RECONVENED AS KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS  
**Pelz-Berjis**

ADJOURNED TO CLOSED SESSION  
**Pollard-Merz**

CLOSED SESSION

- 26) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 27) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Daniel Bazan Jr., Plaintiff, v. Kern County Hospital Authority; Dignity Health; James Sverchek, M.D.; Chase Luther, M.D.; Larissa Morsky, M.D.; Janpreet Bhandohal, M.D.; Patrick Pieper, M.D.; Roldine Banatte-Garcon, N.P.; and DOES 1 through 75, Defendants, Kern County Superior Court Case No. BCV-24-103099 GP – SEE RESULTS BELOW
- 28) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW

- 29) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – SEE RESULTS BELOW
- 30) 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-Pollard**

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item 26 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 MERZ, SECOND BY DIRECTOR STOUT), THE BOARD APPROVED ALL CREDENTIALING RECOMMENDATIONS; NO OTHER REPORTABLE ACTION TAKEN

Item 27 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Daniel Bazan Jr., Plaintiff, v. Kern County Hospital Authority; Dignity Health; James Sverchek, M.D.; Chase Luther, M.D.; Larissa Morsky, M.D.; Janpreet Bhandohal, M.D.; Patrick Pieper, M.D.; Roldine Banatte-Garcon, N.P.; and DOES 1 through 75, Defendants, Kern County Superior Court Case No. BCV-24-103099 GP – HEARD; NO REPORTABLE ACTION TAKEN

Item 28 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 29 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

Item 30 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 21, 2026 AT 11:30 A.M.  
**Pollard**

/s/ Mona A. Allen  
Authority Board Coordinator

/s/ Philip McLaughlin  
Chairman, Board of Governors  
Kern County Hospital Authority



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

January 21, 2026

**Subject:** Proposed Change Order No. 1 to Agreement 052-2025 with Hillrom, Inc., a subsidiary of Baxter Health Corporation

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

**Summary:**

Kern Medical requests your Board's approval of proposed Change Order No. 1 with Hillrom, Inc. in the amount of \$14,755 for the Nurse Call System Installation in the ICU/DOU and Labor/Delivery Departments. On May 21, 2025, your Board approved the Purchase Agreement for replacement of nurse call systems throughout the hospital in an amount not to exceed \$1,379,650. The proposed change order is necessary for additional labor, material and equipment to complete the project to comply with the patient-to-device ratio requirements of Department of Health Care Access and Information. The change order will be effective on January 21, 2026 through project completion.

Therefore, it is recommended that your Board approve Change Order No. 1 in the amount of \$14,755, increasing the maximum payable to \$1,394,405, effective January 21, 2026, and authorize the Chairman to sign.

## **CHANGE ORDER**

**PROJECT:**

ICU/DOU & L&D Nurse Call  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

**PROJECT NO.:**

10164/10165

**CONTRACT NO.:**

052-2025

**CONTRACTOR:**

Hillrom  
1225 Crescent Green Drive  
Cary, NC 27518

**CHANGE ORDER NO.:**

One (1)

**DATE:**

December 3, 2025

| DESCRIPTION OF CHANGE | ADD | DEDUCT |
|-----------------------|-----|--------|
|-----------------------|-----|--------|

- |  |             |  |
|--|-------------|--|
| 1. Provide all labor, material, and equipment to install additional devices required to comply with HCAI code. | \$14,754.82 |  |
|--|-------------|--|

**CHANGE ORDER NO. 1    TOTAL (ADD)**

\$14,754.82

**ORIGINAL CONTRACT PRICE**

\$1,379,649.30

**NEW CONTRACT AMOUNT**

\$1,394,404.12

|                          |
|--------------------------|
| <b>REASON FOR CHANGE</b> |
|--------------------------|

- |   |
|---|
| 1. Upon review by HCAI, it was determined that the system requires additional Nurse Call devices to meet the required patient-to-device ratio in each room. |
|---|

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

**CONFORMANCE WITH SPECIFICATIONS:**

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

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

---

**SUBMITTED BY:**

Hillrom

BY:  1/14/26

David Conway, HillRom

**APPROVED AS TO CONTENT:**

BY: \_\_\_\_\_

Tyler Whitezell, Chief Operating Officer

**APPROVED AS TO FORM:**

Legal Services Department

BY: 

Phillip Jenkins  
Hospital Counsel

KERN COUNTY HOSPITAL AUTHORITY

By: \_\_\_\_\_

Scott Thygerson

Chief Executive Officer

**KERN COUNTY HOSPITAL AUTHORITY**

BY: \_\_\_\_\_

Phil McLaughlin, Chairman  
"KCHA"

Date: \_\_\_\_\_



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

January 21, 2026

**Subject:** Proposed Agreement with McMurtrey Lince, Inc., to provide general contracting, maintenance, and repair services

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

**Summary:**

Kern Medical requests your Board approve the proposed Agreement with McMurtrey Lince, Inc., to provide general contracting, maintenance, and repair services at Kern Medical and the outpatient clinic spaces. The term of the Agreement is for three (3) years, effective January 21, 2026, through January 20, 2029, with a total maximum payable of \$450,000.

McMurtrey Lince, Inc. has consistently demonstrated excellent customer service and a strong understanding of the facility's infrastructure and construction requirements. As a construction firm with extensive experience in healthcare environments, McMurtrey Lince, Inc. provides valuable expertise supporting ongoing capital improvements, renovations, and maintenance projects critical to facility operations. Through its proactive project management approach and technical construction expertise, the firm helps ensure projects are delivered efficiently and in compliance with all applicable building codes, safety standards, and regulatory requirements for hospital facilities and outpatient clinics.

Therefore, it is recommended that your Board approve the Agreement with McMurtrey Lince, Inc., effective January 21, 2026 through January 20, 2029, in an amount not to exceed \$450,000, and authorize Chairman to sign.

**KERN COUNTY HOSPITAL AUTHORITY  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
SCHEDULE TO MASTER TERMS AND CONDITIONS: PPSA**

THIS SCHEDULE shall be effective on: January 21, 2026 ("Effective Date") and shall terminate no later than January 20, 2029.  
Kern County Hospital Authority Department: Construction ("Responsible KCHA Department") Located at: 1700 Mt. Vernon Avenue, Bakersfield, CA 93306.

Service Provider: McMurtrey Lince, Inc. ("Consultant") Located at: 1026 Espee Street, Bakersfield, California 93301.

Consultant is (select one):  
☐ Sole Proprietorship  
☒ Incorporated in the State of California.  
☐ Other (specify) \_\_\_\_\_

Consultant shall provide those services described in Exhibit "A" which is attached hereto and incorporated herein by this reference.

Kern County Hospital Authority ("KCHA") shall compensate Consultant for all services to be provided hereunder, including any reimbursement of travel expenses and other costs incurred by Consultant under this Agreement, in an aggregate sum not to exceed \$450,000. Consultant will quote each project and a Purchase Order will be used under this Agreement for each approved Project.

(Select one of the following two)

☒ KCHA shall not reimburse Consultant for any costs or travel expenses incurred by Consultant hereunder.  
☐ KCHA shall reimburse Consultant for all necessary and reasonable actual costs or travel expenses incurred on behalf of KCHA. If the reimbursable expenses include travel, the travel expenses must be reasonable and necessary, approved in advance by the Responsible KCHA Department, and shall not exceed the following KCHA per diems: Lodging, \$116.00 per night plus tax; breakfast, \$14.00; lunch, \$16.00; dinner, \$26.00; economy rental car; and mileage, if by private automobile, at \$.56 per mile; and by common carrier at actual fare charged for economy or coach class.

Consultant shall be required to have the following Insurance coverages, as described in the Master Terms and Conditions, in the minimum amounts indicated: (select all that apply)

☒ Workers' Compensation: As required by California Labor Code Section 3700  
☒ Commercial General Liability (\$1,000,000/Occurrence & \$2,000,000/Aggregate) or other amounts \_\_\_\_\_ & \_\_\_\_\_  
☒ Automobile Liability (\$1,000,000/Occurrence) or other amounts \_\_\_\_\_ & \_\_\_\_\_  
☐ Professional Liability (\$1,000,000/Occurrence & \$2,000,000/Aggregate) or other amounts \_\_\_\_\_ & \_\_\_\_\_

Note: If a lesser amount is shown, the Responsible KCHA Department must obtain the prior written approval of KCHA's Risk Manager.

Should any conflicts arise between this Schedule and the Master Terms and Conditions attached hereto and incorporated herein by this reference, the Schedule shall control.

IN WITNESS WHEREOF, each party has signed this Schedule upon the date indicated, and agrees, for itself, its employees, officers, partners and successors, to be fully bound by all terms and conditions of this Agreement.

**KERN COUNTY HOSPITAL AUTHORITY**

**APPROVED AS TO CONTENT:**  
Responsible KCHA Department

By: \_\_\_\_\_  
Philip McLaughlin, Chair Board of Governors  
"KCHA"


By: \_\_\_\_\_  
Scott Thygerson, Chief Executive Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**MCMURTREY LINCE, INC.**

**APPROVED AS TO FORM:**  
Legal Services Department

By:  \_\_\_\_\_  
Name: \_\_\_\_\_ Title: VP/CFO  
"Consultant"

By:  \_\_\_\_\_  
Hospital Counsel, Kern County Hospital Authority

Date: 01/06/2026

Date: 1/14/26

**KERN COUNTY HOSPITAL AUTHORITY  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
MASTER TERMS AND CONDITIONS  
PPSA-STANDARD**

THIS AGREEMENT ("Agreement") is entered into on the Effective Date shown on the attached Schedule, by and between the KERN COUNTY HOSPITAL AUTHORITY, a local unit of government, which owns and operates Kern Medical Center, as represented by the Chief Executive Officer ("KCHA"), with its principal location at 1700 Mount Vernon Avenue, Bakersfield, CA 93306, and CONSULTANT identified on the Schedule ("Consultant"). KCHA and Consultant are individually referred to as a "Party" and collectively as the "Parties."

**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. The KCHA Department identified on the Schedule as the Responsible KCHA Department requires those services which are specified in **Exhibit A**.
- C. KCHA desires to engage Consultant to provide the services and Consultant, by reason of its qualifications, experience, and facilities for doing this type of work, has offered to provide the required services on the terms set forth in this Agreement.
- D. The Chief Executive Officer ("CEO") has been authorized by the Board of Governors to contract for personal/professional services in an amount not to exceed \$250,000 per year of a three (3) year agreement.

**AGREEMENT**

1. **Services to be Rendered.** Consultant shall provide the services and products described in **Exhibit A ("Services")**.
2. **Compensation to Consultant.** KCHA shall compensate Consultant in accordance with the compensation selection(s) shown on the Schedule. No additional compensation shall be paid for secretarial, clerical support staff, overhead or any other costs incurred by Consultant by providing the Services to KCHA.
3. **Reimbursement Policy and Billing Requirements.** All invoices for payment shall be submitted in a form approved by KCHA based upon the payment schedule selected on Schedule, shall contain an itemization of all costs and fees broken down monthly (including an itemization of all reimbursable expenses incurred, including travel if applicable) and shall be stated as a cumulative total. Invoices shall be sent for review and processing to the Responsible KCHA Department. Consultant shall also provide an informational copy to the CEO. Payment shall be made to Consultant within 30 days of receipt and approval of the invoice by the Responsible KCHA Department.
4. **Term.** This term of this Agreement ("Term") shall start on the Effective Date and shall terminate on the Termination Date, unless sooner terminated as provided in this Agreement.
5. **Assignment.** Consultant shall not assign, transfer or encumber this Agreement, or any part, and Consultant shall not assign any monies due or which become due to Consultant under this Agreement, without the prior written consent of the CEO.
6. **Audit, Inspection and Retention of Records.** Consultant shall maintain and make available to KCHA accurate books and records relative to the Services under this Agreement. Consultant shall permit KCHA to audit, examine and make excerpts and transcripts from its records and to conduct audits of all invoices, materials, records of personnel or other data related to the Services under this Agreement. Consultant shall maintain its data and records in an accessible location and condition for a period of not less than three years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The State of California and/or any federal agency having an interest in the subject of this Agreement shall have the same rights as KCHA.
7. **Authority to Bind KCHA.** It is understood that Consultant, in Consultant's performance of any Services under this Agreement, except as otherwise provided in this Agreement, has no authority to bind KCHA to any agreements or undertakings.
8. **Indemnification.**
  - a. **General.** Consultant shall defend, indemnify, and hold harmless KCHA and KCHA's board members, elected and appointed officials, officers, employees, agents, volunteers and authorized representatives ("KCHA Indemnified Parties") from any losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs (including attorneys' fees of in-

house and outside counsel, expert fees, costs of staff time, and investigation costs) ("**Claims**") which arise out of or relate to any act or omission of Consultant or Consultant's officers, employees, agents and subcontractors of any tier hired by Consultant to perform the Services ("**Consultant Representatives**"). This indemnification obligation shall include bodily and personal injury or death to any person; damage to any property, regardless of where located, including the property of KCHA; and any workers' compensation Claim arising from or relating to any Services.

b. **Immigration Reform and Control Act.** Consultant acknowledges that Consultant and Consultant Representatives are aware of and understand the Immigration Reform and Control Act ("IRCA"). Consultant is and shall remain in compliance with the IRCA and shall ensure that any Consultant Representatives are and shall remain in compliance with the IRCA. In addition, Consultant shall defend, indemnify and hold harmless KCHA and KCHA Indemnified Parties from any Claims which arise out of or relate to any allegations that Consultant and Consultant Representatives are not authorized to work in the United States and/or any other allegations based upon alleged IRCA violations committed by Consultant or Consultant Representatives.

c. **Infringement Claim.** If any Claim is asserted or action or proceeding brought against KCHA or KCHA Indemnified Parties which alleges that all or any part of the Services in the form supplied by Consultant or KCHA's use, infringes or misappropriates any United States or foreign patent or copyright, or any trade secret or other proprietary right, KCHA shall give Consultant prompt written notice. Consultant shall defend any Claim with counsel of Consultant's choice and at Consultant's sole cost and shall indemnify KCHA for any costs, including attorney's fees and damages actually incurred by KCHA, including steps KCHA may take to avoid entry of any default judgment or other waiver of KCHA's rights. KCHA shall cooperate fully with and may monitor Consultant in the defense of any claim, action or proceeding and shall make employees available as Consultant may reasonably request with regard to the defense, subject to reimbursement by Consultant of all costs incurred by KCHA's cooperation in the defense.

d. **Remedy of Infringement Claim.** If the Services are, in Consultant's opinion, likely to become or do become the subject of a claim of infringement or misappropriation of a United States or foreign patent, copyright, trade secret or other proprietary right, or if a temporary restraining order or other injunctive relief is entered against the use of part or all of the Services, Consultant shall within 90 days:

1. **Replace.** Promptly replace the Services with compatible, functionally equivalent and non-infringing Services;
2. **Modify.** Promptly modify the Services to make them non-infringing without materially impairing KCHA's ability to use the Services as intended;
3. **Procure Rights.** Promptly procure the right of KCHA to continue using the Services; or
4. **Refund.** As a last resort, if none of these alternatives is reasonably available to Consultant, and KCHA is enjoined or otherwise precluded legally from using the Services, Consultant shall, within 120 days of the judgment or other court action, promptly refund to KCHA all fees and costs paid for the Services, and this Agreement shall terminate. All licensed products will be disposed of as ordered by the governing court at the sole cost of Consultant or as determined by KCHA if the court does not so direct.

e. **Modification of Services.** This indemnification does not extend to modifications or additions to the Services made by KCHA or any third party without the prior written consent of Consultant, or to any unauthorized use of the Services by KCHA.

f. **Survival of Indemnification Obligations.** Upon completion of this Agreement, the provisions of this Section 8 shall survive.

9. **Insurance.** With respect to performance of work under this Agreement, Consultant shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain, insurance as described in Exhibit "C," attached hereto and incorporated herein by this reference

10. **Consultant Representations.** Consultant makes the following representations, which the Parties agree are material to and form a part of the inducement for this Agreement:

- a. **Expertise and Staff.** Consultant has the expertise, support staff and facilities necessary to provide the Services; and
- b. **No Adverse Interests.** Consultant does not have any actual or potential interests adverse to KCHA, nor does Consultant represent a person or firm with an interest adverse to KCHA relating to the subject of this Agreement; and
- c. **Timeliness.** Consultant shall diligently provide the Services in a timely and professional manner in accordance with the terms and conditions in this Agreement.

11. **Ownership of Documents.** All reports, documents and other items generated or gathered in the course of providing the Services are and shall remain the property of KCHA, and shall be returned to KCHA upon full completion of the Services or termination of this Agreement, whichever first occurs.

12. **Rights to Contracted Products.**

a. **Belong to KCHA.** For no additional fee or charge, products developed, prepared, generated or gathered by Consultant or Consultant's Representatives under this Agreement, shall be considered creative works for hire and shall be delivered to and become the exclusive property of KCHA and may be used by KCHA in any way it may deem appropriate. Consultant shall have no rights in the products, except the right to use the products for the exclusive purpose of providing the Services, and Consultant shall not copy or disclose to any third party any product, except as is expressly set forth in this Agreement or by separate written agreement between the Parties. These provisions do not apply to Consultant's original licensed software or administrative communications and records, which shall remain the exclusive property of Consultant,

b. **Use by KCHA.** The ideas, concepts, know-how, and techniques developed during the course of this Agreement may be used by KCHA in any way it may deem appropriate, so long as that use does not violate any term in this Agreement or any Applicable Law.

c. **No Publication.** Consultant or Consultant's Representatives shall not publish or disseminate information gained through participation in this Agreement without the specific prior review and written consent by KCHA.

d. **Delivery to KCHA.** Upon termination or expiration of this Agreement, Consultant shall immediately deliver to KCHA all KCHA-owned programs and documentation developed under this Agreement. In addition, Consultant grants to KCHA a perpetual, royalty-free, non-exclusive, irrevocable, and non-transferable license to use, solely for KCHA purposes, any Consultant-owned program, including system software, utilized by Consultant in performance of the Services.

e. **Survival of Covenants.** Upon completion of this Agreement, the provisions of this **Section 12** shall survive.

13. **Termination.** The CEO may at his or her election, without cause, terminate this Agreement by written notice ("**Notice of Termination**"). The Notice of Termination will be deemed effective 15 days after personal delivery, or 20 days after mailing by regular U.S. Mail, postage prepaid. In addition, either Party may immediately terminate this Agreement if the other Party fails to substantially perform in accordance with the terms and conditions of this Agreement through no fault of the Party initiating the termination. In the event this Agreement is terminated by either Consultant or the CEO, Consultant shall submit to the Responsible KCHA Department all files, memoranda, documents, correspondence and other items generated in the course of performing the Services, within 15 days after the effective date of the Notice of Termination. If either Party terminates this Agreement as provided in this **Section 13**, KCHA shall pay Consultant for all satisfactory Services rendered by Consultant prior to the effective date of Notice of Termination in an amount not to exceed the maximum dollar amount shown on the Schedule.

14. **Choice of Law/Venue.** The Parties agree that the provisions of this Agreement shall be construed under the laws of the State of California. This Agreement has been entered into and is to be performed in the County of Kern. Accordingly, the Parties agree that the venue of any action relating to this Agreement shall be in the County of Kern.

15. **Compliance with Applicable Law.** Consultant shall observe and comply with all applicable county, state and federal laws, ordinances, rules and regulations now in effect or later enacted ("**Applicable Law**"), each of which is made a part of this Agreement. While on KCHA property, Consultant will also follow all applicable policies and any direction of staff.

16. **Confidentiality.** Consultant shall not, without the prior written consent of the CEO, communicate confidential information, designated in writing or identified in this Agreement as confidential, to any third party and shall protect confidential information from inadvertent disclosure to any third party in the same manner that it protects its own confidential information, unless disclosure is required in response to a validly issued subpoena or other process of law. Upon completion of this Agreement, the provisions of this **Section 16** shall continue to survive.

17. **Conflict of Interest.** Consultant has read and is aware of the provisions of Government Code Section 1090 et seq. and Section 87100 et seq. relating to conflict of interest of public officers and employees. Consultant acknowledges that it is unaware of any financial or economic interest of any public officer or employee of KCHA relating to this Agreement. If it is further understood and agreed that if a financial interest does exist at the inception of this Agreement, KCHA may immediately terminate this Agreement by giving written notice. Consultant shall comply with the requirements of Government Code Section 1090 et seq. and 87100 et seq. during the Term.

18. **Cooperation with KCHA Compliance Obligations.** Consultant shall cooperate with the compliance program maintained by KCHA and KMC (the "**Compliance Program**") to the extent that such requirements are (i) applicable to the operation of KCHA or KMC and Consultant's provision of services under this Agreement, (ii) consistent with applicable industry standards and laws, and (ii) communicated to Consultant, so that KCHA may meet all requirements imposed by laws and any governing or advisory body

having authority to set standards governing the operation of KCHA and KMC.

19. **Disqualified Persons.** Consultant represents and warrants that no person providing goods and/or services under the terms of this Agreement (i) has been convicted of a criminal offense related to healthcare (unless such individual has been officially reinstated into the federal healthcare programs by the Office of Inspector General ("OIG") and provided proof of such reinstatement to KCHA), (ii) is currently under sanction, exclusion or investigation (civil or criminal) by any federal or state enforcement, regulatory, administrative or licensing agency or is ineligible for federal or state program participation, or (iii) is currently listed on the General Services Administration List of Parties Excluded from the Federal Procurement and Non-Procurement Programs. Consultant agrees that if any individuals providing goods and/or services under the terms of this Agreement becomes involved in a pending criminal action or proposed civil debarment, exclusion or other sanctioning action related to any federal or state healthcare program (each, an "Enforcement Action"), Consultant shall immediately notify KCHA and such individual shall be immediately removed by Consultant from any functions, provided, however, that if Consultant is directly involved in the Enforcement Action, any agreement between KCHA and Consultant shall terminate immediately.

20. **Enforcement of Remedies.** No right or remedy conferred on or reserved to a Party is exclusive of any other right or remedy under law, equity or statute, but each shall be cumulative of every other right or remedy now or in the future existing under law, equity or statute, and may be enforced concurrently or from time to time.

21. **Health Insurance Portability and Accountability Act-HITECH.** Consultant understands that KCHA is a Covered Entity that provides medical and mental health services and that Consultant has no authorization to obtain access to any Protected Health Information ("PHI") in any form while performing services for KCHA. If, in the course of performing services, Consultant sees or hears any PHI, this PHI is to be treated as private and confidential, including the fact that a person has visited this facility(ies) or receives (or previously received) services from KCHA. The privacy and confidentiality of KCHA's patients are protected by KCHA policies and procedures, state laws and regulations and Federal HIPAA Regulations. If appropriate Consultant agrees to execute a business associate agreement with KCHA to supplement this Agreement if requested, to be incorporated herein as Exhibit D if so required.

22. **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.

23. **Negation of Partnership.** In the performance of the Services, Consultant shall be, and acknowledges that Consultant is, in fact and law, an independent contractor and not an agent or employee of KCHA. Consultant has and retains the right to exercise full supervision and control of the manner and methods of providing the Services. Consultant retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting Consultant in the provision of the Services. With respect to Consultant's employees, if any, Consultant 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 employee taxes, whether federal, state or local, and compliance with any Applicable Law regulating employment.

24. **Non-collusion Covenant.** Consultant represents and agrees that (i) it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with KCHA and (ii) it has received from KCHA no incentive or special payments and no considerations not related to the provision of the Services.

25. **Non-discrimination.** Neither Consultant, nor any Consultant Representative, shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, sex, or any other classification protected by Applicable Law, either directly, indirectly or through contractual or other arrangements.

26. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of KCHA. Forbearance or indulgence by KCHA shall not constitute a waiver of the covenant or condition to be performed by Consultant. KCHA shall be entitled to invoke any remedy available to KCHA under this Agreement or by Applicable Law despite the forbearance or indulgence.

27. **Notices.** All notices under this Agreement shall be provided to the KCHA CEO at the address indicated in the opening section of this Agreement and to the Consultant and Responsible KCHA Department at the addresses shown on the Schedule. Delivery shall be by personal delivery or deposit in the U.S. Mail, postage prepaid, registered or certified mail, addressed as specified above. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received five days after deposit. A Party may change the address to which notice is to be given by giving notice as provided above. Nothing in this Agreement shall be construed to prevent or render ineffective delivery of notices under this Agreement by leaving the notice with the receptionist or other person of like capacity employed in Consultant's office, or the CEO.

28. **Captions and Interpretation.** Section headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a Party because that Party or its legal representative drafted the provision. This Agreement is the product of negotiation and both Parties are equally responsible for its authorship. California Civil Code Section 1654 shall not apply to the interpretation of this Agreement.

29. **Counterparts.** This Agreement 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 document.

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

31. **Regulatory Compliance.** In compliance with title 22, California Code of Regulations, section 70713 KMC will retain professional and administrative responsibility for services rendered under this Agreement. Consultant shall apprise Kern Medical of recommendations, plans for implementation and continuing assessment through dated and signed reports which shall be retained by Kern Medical for follow-up action and evaluation of performance.

32. **Access to Books and Records.** Until the expiration of four years after the expiration or termination of this Agreement, Kern Medical and Consultant 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 Consultant provided under this Agreement.

33. **Severability.** If any term or provision of this Agreement is determined by a court to be in conflict with any Applicable Law, or otherwise be unenforceable or ineffectual, the validity of the remaining terms or provisions shall be deemed severable and shall not be affected, provided that the remaining terms or provisions can be construed in substance to constitute the agreement which the Parties intended to enter into on the Effective Date.

34. **Signature Authority.** Each Party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each Party has been properly authorized and empowered to enter into this Agreement.

35. **Sole Agreement.** This Agreement, including the Schedule and Exhibits, contains the entire agreement of the Parties relating to the Services, rights, obligations and covenants contained in this Agreement and assumed by the Parties. No inducements, representations or promises have been made, other than those stated in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.

36. **Time of Essence.** Time is expressly declared to be of the essence of this Agreement and of each provision, and each provision is declared to be a material, necessary and essential part of this Agreement.

37. **No Third Party Beneficiaries.** The Parties understand and agree that the enforcement of these terms and conditions and all rights of action relating to enforcement, shall be strictly reserved to KCHA and Consultant. Nothing contained in this Agreement shall give or allow any claim or right of action by any other third person. It is the express intention of KCHA and Consultant that any person or entity, other than KCHA or Consultant, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

38. **Gender/Plural.** References to feminine, masculine or neutral include the other, and references to the singular or plural include the other.

39. **Recitals.** Each of the recitals is incorporated in this Agreement, is deemed to be the agreement and a reflection of the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

40. **Exhibits.** The below exhibits attached to this Agreement are incorporated into this Agreement by reference.  
Exhibit A: Services  
Exhibit A-1: IRS Form W-9  
Exhibit B: Fee Schedule  
Exhibit C: Insurance  
Exhibit D: Intentionally Omitted  
Exhibit E: Additional Engineering Terms

**EXHIBIT A**  
**SERVICES**

EXHIBIT A  
SERVICES

Contractor shall provide general construction and maintenance services as directed by Kern Medical on an as needed, when called upon basis.

**EXHIBIT A-1**

**IRS FORM W-9**

**Request for Taxpayer  
Identification Number and Certification**

Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Give form to the  
requester. Do not  
send to the IRS.

**Before you begin.** For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

|  |   |  |
|--|---|--|
| Print or type.<br>See Specific Instructions on page 3.             | <b>1</b> Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)  |  |
|  | <b>2</b> Business name/disregarded entity name, if different from above.<br><b>McMurtrey Lince Inc.</b>   |  |
|  | <b>3a</b> Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes.<br><br><input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C corporation <input checked="" type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate<br><br><input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) _____<br><b>Note:</b> Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner.<br><br><input type="checkbox"/> Other (see instructions) _____ | <b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):<br><br>Exempt payee code (if any) _____<br><br>Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____<br><br>(Applies to accounts maintained outside the United States.) |
|  | <b>3b</b> If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions . . . . . <input type="checkbox"/>   |  |
|  | <b>5</b> Address (number, street, and apt. or suite no.). See instructions.<br><b>1025 Espee Street</b>   | Requester's name and address (optional)  |
| <b>6</b> City, state, and ZIP code<br><b>Bakersfield, CA 93301</b> |   |  |
| <b>7</b> List account number(s) here (optional)                    |   |  |

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

|                                       |   |   |   |   |   |   |   |   |
|---------------------------------------|---|---|---|---|---|---|---|---|
| <b>Social security number</b>         |   |   |   |   |   |   |   |   |
|                                       |   |   | - |   |   |   | - |   |
| or                                    |   |   |   |   |   |   |   |   |
| <b>Employer identification number</b> |   |   |   |   |   |   |   |   |
| 6                                     | 1 | - | 1 | 5 | 9 | 7 | 4 | 9 |
|                                       |   |   |   |   |   |   |   | 0 |

**Part II Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

|                  |   |                         |
|------------------|---|-------------------------|
| <b>Sign Here</b> | Signature of U.S. person<br> | Date<br><b>1/6/2026</b> |
|------------------|---|-------------------------|

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

**What's New**

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

**Purpose of Form**

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

**EXHIBIT B**  
**FEE SCHEDULE**

## EXHIBIT "C"

### INSURANCE

With respect to performance of work under this Agreement, Consultant shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described below unless such insurance has been expressly waived in writing by 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 and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Consultant 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 Consultant has employees. If Consultant currently has no employees, Consultant's written confirmation of such will be required before execution of this Agreement. If Consultant engages any employees during the term of this Agreement or any extensions thereof, Consultant 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 for all work performed by Consultant, its employees, agents and subcontractors.
- (e) Required Evidence of Insurance: Certificate of Insurance.

2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Consultant maintains higher limits than the specified minimum limits, KCHA requires and shall be entitled to coverage for the higher limits maintained by Consultant.
- (c) If Consultant has no Owned automobiles, the General Liability policy shall include Non-Owned and Hired Automobile Liability in the amount of \$1,000,000 combined single limit per accident.
- (d) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by KCHA. Consultant is responsible for any deductible or self-insured retention and shall fund it upon KCHA's written request, regardless of whether Consultant has a claim against the insurance or is named as a party in any action involving KCHA.
- (e) KCHA shall be named as an additional insured for liability arising out of operations by or on behalf of Consultant in the performance of this Agreement. See section 6 below for full Additional Insured wording.
- (f) 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.
- (g) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "f" definition of insured contract in ISO form CG 00 01, or equivalent).
- (h) The policy shall cover inter-insured suits between KCHA and Consultant and include a "separation of insureds" or "severability" clause, which treats each insured separately.
- (i) Required Evidence of Insurance: (i) Copy of the additional insured endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

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

4. Professional Liability Insurance (Errors and Omissions):
- (a) Professional Liability Insurance (Errors and Omissions) appropriate to Consultant's profession.
  - (b) Minimum Limits: \$1,000,000 per Occurrence or Claim; \$2,000,000 Annual Aggregate. If Consultant maintains higher limits than the specified minimum limits, KCHA requires and shall be entitled to coverage for the higher limits maintained by Consultant.
  - (c) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by KCHA. Consultant is responsible for any deductible or self-insured retention and shall fund it upon KCHA's written request, regardless of whether Consultant has a claim against the insurance or is named as a party in any action involving KCHA.
  - (d) Required Evidence of Coverage: Certificate of Insurance.
5. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.
6. Additional Insured Wording: "**Kern County Hospital Authority, its officers, officials, employees and volunteers**" are to be named as Additional Insureds as per each section where noted above.
7. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:
- (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
  - (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work.*
  - (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Consultant must purchase "extended reporting" coverage for a minimum of *five (5) years* after completion of the contract work.
8. Documentation:
- (a) The Certificate of Insurance must include the following reference: "**Agreement for Professional Services – Master Facility Plan.**"
  - (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Consultant 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.
  - (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
  - (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
  - (e) Consultant shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
  - (f) Upon written request, certified copies of required insurance policies must be provided to KCHA within 30 days.
9. Policy Obligations: Consultant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.
10. Primary Coverage: For any claims related to this Agreement, Consultant's 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 Consultant's insurance and shall not contribute with it.
11. Waiver of Subrogation: Consultant hereby grants to KCHA a waiver of any right to subrogation, which any insurer of said Consultant may acquire against KCHA by virtue of the payment of any loss under such insurance. Consultant 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.
12. Material Breach: If Consultant 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 obtain damages from Consultant resulting from said breach. Alternatively, KCHA may purchase the required insurance, and without further notice to Consultant, KCHA may deduct from sums due to Consultant any premium costs advanced by KCHA for such insurance. These remedies shall be in addition to any other remedies available to KCHA.

[Intentionally left blank]



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/29/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(les) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

|  |  |  |  |
|--|--|--|--|
| <b>PRODUCER</b><br>Fallgatter Rhodes Insurance Services<br>1701 G Street<br>CA Lic# OL78680<br>Bakersfield CA 93301-4320 |  | <b>CONTACT</b><br>NAME: Erica Iriarte<br>PHONE (A/C, No, Ext): (661) 324-2424 FAX (A/C, No):<br>E-MAIL ADDRESS: erica@frins.com  |  |
| <b>INSURED</b><br>McMurtrey Lince, Inc.<br>1025 Espee St.<br>Bakersfield CA 93301  |  | <b>INSURER(S) AFFORDING COVERAGE</b><br>INSURER A: James River Insurance Co NAIC # 12203<br>INSURER B: Travelers Casualty Insurance Company of America 19046<br>INSURER C: State Compensation Insurance Fund 35076<br>INSURER D:<br>INSURER E:<br>INSURER F: |  |

## COVERAGES

CERTIFICATE NUMBER: 25 26 ALL \$5m XS

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE  | ADDL INSD                                    | SUBR WVD | POLICY NUMBER       | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS  |
|----------|--|--|----------|---------------------|-------------------------|-------------------------|---|
| A        | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR<br><br>GEN'L AGGREGATE LIMIT APPLIES PER<br><input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC<br>OTHER: | Y  | Y        | P0000009827         | 08/14/2025              | 08/14/2026              | EACH OCCURRENCE \$ 1,000,000<br>DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000<br>MED EXP (Any one person) \$ 5,000<br>PERSONAL & ADV INJURY \$ 1,000,000<br>GENERAL AGGREGATE \$ 2,000,000<br>PRODUCTS - COM/OP AGG \$ 2,000,000 |
|          | <input checked="" type="checkbox"/> AUTOMOBILE LIABILITY<br><input checked="" type="checkbox"/> ANY AUTO<br><input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY                          | Y  | Y        | BA-8M960349-25-42-G | 04/15/2025              | 04/15/2026              | COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000<br>BODILY INJURY (Per person) \$<br>BODILY INJURY (Per accident) \$<br>PROPERTY DAMAGE (Per accident) \$   |
|          | <input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR<br><input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE<br>DED RETENTION \$  |  |          | 00157176-1          | 08/14/2025              | 08/14/2026              | EACH OCCURRENCE \$ 5,000,000<br>AGGREGATE \$ 5,000,000  |
|          | <input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY<br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)<br>If yes, describe under DESCRIPTION OF OPERATIONS below   | Y/N<br><input checked="" type="checkbox"/> Y | N/A      | Y                   | 1934344-25              | 07/23/2025              | 07/23/2026  |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

When required by a written contract Kern County Hospital Authority, is named as additional insured on general liability per attached CG2010 07/04 and CG2037 07/04. Waiver of subrogation on general liability per attached CG2404 05/09. Additional insured on auto per attached CAT420 02/15. Waiver of subrogation on auto per attached CAT420 05/15. Waiver of subrogation on workers comp per attached endorsement. Subject to the terms, conditions and exclusion on the policy.

## CERTIFICATE HOLDER

## CANCELLATION

|  |   |
|--|---|
| Kern County Hospital Authority, Kern Medical Construction Division of<br>1700 Mt. Vernon<br><br>Bakersfield CA 93306 | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.<br><br>AUTHORIZED REPRESENTATIVE<br><i>Gregory E. Hash</i> |
|--|---|

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

| <b>Name Of Additional Insured Person(s)<br/>Or Organization(s):</b>                                    | <b>Location(s) Of Covered Operations</b> |
|--|--|
| Where required by written contract or written agreement  | All operations of the Named Insured      |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. |  |

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

| <b>Name Of Additional Insured Person(s)<br/>Or Organization(s):</b>                                    | <b>Location And Description Of Completed Operations</b> |
|--|---|
| Where required by written contract or written agreement  | All operations of the Named Insureds                    |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. |   |

**Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

## WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

### SCHEDULE

**Name Of Person Or Organization:**

Where required by written contract or written agreement

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – **Conditions**:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.



## Endorsement Agreement

### Waiver of Subrogation Blanket Basis

Home Office  
San Francisco  
All Effective Dates are  
at 12:01 AM Pacific  
Standard Time or the  
Time Indicated at  
Pacific Standard Time

1934344-2025  
Renewal  
NE  
5-06-16-58  
Page 1 of 1

Effective July 23, 2025 at 12:01 AM  
and Expiring July 23, 2026 at 12:01 AM

MCMURTREY LINC INC  
1025 ESPEE ST  
BAKERSFIELD, CA 93301-2536

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the schedule.

This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.

The additional premium for this endorsement shall be 2.00% of the total policy premium.

#### Schedule

| <u>Person or Organization</u>   | <u>Job Description</u>        |
|---|-------------------------------|
| Any person or organization for whom the named Insured has agreed by written contract to furnish this waiver | Blanket Waiver of Subrogation |

Nothing in this endorsement shall be held to vary, alter, waive or extend any of the terms, conditions, agreements, or limitations of this policy other than as above stated. Nothing elsewhere in this policy shall be held to vary, alter, waive or limit the terms, conditions, agreements or limitations in this endorsement.

Countersigned and Issued at San Francisco

July 22, 2025

2572

  
Authorized Representative

  
President and CEO

SF – END

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AUTO COVERAGE PLUS ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **BUSINESS AUTO COVERAGE FORM**

**GENERAL DESCRIPTION OF COVERAGE** – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to the Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

- |   |   |
|---|---|
| <b>A. BLANKET ADDITIONAL INSURED</b>                                  | <b>H. AUDIO, VISUAL AND DATA ELECTRONIC EQUIPMENT – INCREASED LIMIT</b> |
| <b>B. EMPLOYEE HIRED AUTO</b>   | <b>I. WAIVER OF DEDUCTIBLE – GLASS</b>                                  |
| <b>C. EMPLOYEES AS INSURED</b>  | <b>J. PERSONAL PROPERTY</b>   |
| <b>D. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS</b>                   | <b>K. AIRBAGS</b>   |
| <b>E. TRAILERS – INCREASED LOAD CAPACITY</b>                          | <b>L. AUTO LOAN LEASE GAP</b>   |
| <b>F. HIRED AUTO PHYSICAL DAMAGE</b>                                  | <b>M. BLANKET WAIVER OF SUBROGATION</b>                                 |
| <b>G. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT</b> |   |

#### **A. BLANKET ADDITIONAL INSURED**

The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any person or organization who is required under a written contract or agreement between you and that person or organization, that is signed and executed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to be named as an additional insured is an "insured" for Covered Autos Liability Coverage, but only for damages to which this insurance applies and only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in Section II.

#### **B. EMPLOYEE HIRED AUTO**

1. The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

An "employee" of yours is an "insured" while operating a covered "auto" hired or rented under a contract or agreement in an "employee's" name, with your permission, while

performing duties related to the conduct of your business.

2. The following replaces Paragraph b. in B.5., **Other Insurance**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

- b. For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- (1) Any covered "auto" you lease, hire, rent or borrow; and
- (2) Any covered "auto" hired or rented by your "employee" under a contract in an "employee's" name, with your permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

#### **C. EMPLOYEES AS INSURED**

The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

## COMMERCIAL AUTO

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

### D. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS

1. The following replaces Paragraph A.2.a.(2) of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:
  - (2) Up to \$3,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
2. The following replaces Paragraph A.2.a.(4) of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:
  - (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$500 a day because of time off from work.

### E. TRAILERS – INCREASED LOAD CAPACITY

The following replaces Paragraph C.1. of **SECTION I – COVERED AUTOS**:

1. "Trailers" with a load capacity of 3,000 pounds or less designed primarily for travel on public roads.

### F. HIRED AUTO PHYSICAL DAMAGE

The following is added to Paragraph A.4., **Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

#### Hired Auto Physical Damage Coverage

If hired "autos" are covered "autos" for Covered Autos Liability Coverage but not covered "autos" for Physical Damage Coverage, and this policy also provides Physical Damage Coverage for an owned "auto", then the Physical Damage Coverage is extended to "autos" that you hire, rent or borrow subject to the following:

- (1) The most we will pay for "loss" to any one "auto" that you hire, rent or borrow is the lesser of:
  - (a) \$50,000;
  - (b) The actual cash value of the damaged or stolen property as of the time of the "loss"; or
  - (c) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

- (2) An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".

- (3) If a repair or replacement results in better than like kind or quality, we will not pay for the amount of betterment.

- (4) A deductible equal to the highest Physical Damage deductible applicable to any owned covered "auto".

- (5) This Coverage Extension does not apply to:

- (a) Any "auto" that is hired, rented or borrowed with a driver; or
- (b) Any "auto" that is hired, rented or borrowed from your "employee".

### G. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT

The following replaces the first sentence in Paragraph A.4.a., **Transportation Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

We will pay up to \$50 per day to a maximum of \$1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type.

### H. AUDIO, VISUAL AND DATA ELECTRONIC EQUIPMENT – INCREASED LIMIT

Paragraph C.1.b. of **SECTION III – PHYSICAL DAMAGE COVERAGE** is deleted.

### I. WAIVER OF DEDUCTIBLE – GLASS

The following is added to Paragraph D., **Deductible**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

No deductible for a covered "auto" will apply to glass damage if the glass is repaired rather than replaced.

### J. PERSONAL PROPERTY

The following is added to Paragraph A.4., **Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

#### Personal Property Coverage

We will pay up to \$400 for "loss" to wearing apparel and other personal property which is:

- (1) Owned by an "insured"; and
- (2) In or on your covered "auto".

This coverage only applies in the event of a total theft of your covered "auto".

No deductibles apply to Personal Property coverage.

**K. AIRBAGS**

The following is added to Paragraph B.3., **Exclusions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Exclusion 3.a. does not apply to "loss" to one or more airbags in a covered "auto" you own that inflate due to a cause other than a cause of "loss" set forth in Paragraphs A.1.b. and A.1.c., but only:

- a. If that "auto" is a covered "auto" for Comprehensive Coverage under this policy;
- b. The airbags are not covered under any warranty; and
- c. The airbags were not intentionally inflated.

We will pay up to a maximum of \$1,000 for any one "loss".

**L. AUTO LOAN LEASE GAP**

The following is added to Paragraph A.4., **Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

**Auto Loan Lease Gap Coverage for Private Passenger Type Vehicles**

In the event of a total "loss" to a covered "auto" of the private passenger type shown in the Schedule or Declarations for which Physical Damage Coverage is provided, we will pay any unpaid amount due on the lease or loan for such covered "auto" less the following:

- (1) The amount paid under the Physical Damage Coverage Section of the policy for that "auto"; and

(2) Any:

- (a) Overdue lease or loan payments at the time of the "loss";
- (b) Financial penalties imposed under a lease for excessive use, abnormal wear and tear or high mileage;
- (c) Security deposits not returned by the lessor;
- (d) Costs for extended warranties, Credit Life Insurance, Health, Accident or Disability Insurance purchased with the loan or lease; and
- (e) Carry-over balances from previous loans or leases.

**M. BLANKET WAIVER OF SUBROGATION**

The following replaces Paragraph A.5., **Transfer Of Rights Of Recovery Against Others To Us**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

**5. Transfer Of Rights Of Recovery Against Others To Us**

We waive any right of recovery we may have against any person or organization to the extent required of you by a written contract executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of the operations contemplated by such contract. The waiver applies only to the person or organization designated in such contract.

**EXHIBIT E**  
**ADDITIONAL TERMS APPLICABLE TO CONSTRUCTION/ENGINEERING AGREEMENTS**

The Kern County Hospital Authority (KCHA), a public agency that is a local unit of government, which owns and operates Kern Medical Center, is subject to a variety of statutes (e.g. codes) and regulations that now apply to you as a Consultant/Contractor of KCHA. This Exhibit E outlines some, but not necessarily all of the requirements that you may now be required to meet as a Consultant/Contractor of a public entity.

**I. COMPLIANCE WITH LABOR STANDARDS**

1. KCHA has determined that the work contemplated by this Agreement falls within the definitions of "Public Works" set forth in the California Labor Code. Contractor acknowledges that Contractor is fully aware of prevailing wage requirements for public works projects as set forth in Article 2 (commencing with section 1770) of Chapter 1, Part 7 of the California Labor Code ("Prevailing Wage Requirements") and Contractor agrees to comply with the provisions of that Article to the extent the Prevailing Wage Requirements are applicable to the work conducted under this Agreement. Contractor further agrees that to the extent applicable, Contractor shall require any subcontractor it contracts with to comply with the Prevailing Wage Requirements. Contractor also agrees to indemnify, defend (upon request of KCHA) and hold, its officers, agents and employees, harmless from all claims, costs, causes of action, attorney fees, damages or liability from the failure of Contractor or Contractor's subcontractors to comply with the Prevailing Wage Requirements.

The Department of Industrial Relations of the State of California has determined the general prevailing rate of wages for each craft, classification or type of workers needed in the execution of contracts under the jurisdiction of Kern County. The schedule of rates can be obtained from or are on file with the Engineering Department at Kern Medical Center, located at 1700 Mt. Vernon Avenue, Bakersfield, CA 93305 and is hereby incorporated herein by this reference.

**II. APPRENTICESHIP PROGRAM**

**1. Compliance Required**

Contractor and Subcontractors shall comply with the requirements of California Labor Code §§1776, 1777.5, and 1777.6 concerning the employment of apprentices by Contractor or Subcontractors. Willful failure to comply may result in penalties, including loss of the right to Bid on or receive public works contracts.

**2. Certification of Approval**

California Labor Code §1777.5, as amended, requires a Contractor or Subcontractor employing tradespersons in any apprenticeable occupation to apply to the joint apprenticeship committee nearest the site of a public works project and which administers the apprenticeship program in that trade for a certification of approval. The certificate shall also fix the ratio of apprentices to journeypersons that will be used in performance of the Contract. The ratio of work performed by apprentices to journeypersons in such cases shall not be less than one *hour* of apprentices work for every five *hours* of labor performed by journeypersons (the minimum ratio for the land surveyor classification shall not be less than one apprentice for each five journeypersons), except:

- A. When unemployment for the previous three month period in the area exceeds an average of 15 percent;
- B. When the number of apprentices in training in the area exceeds a ratio of one to five;
- C. When a trade can show that it is replacing at least 1/30 of its membership through apprenticeship training on an annual basis state-wide or locally; or
- D. Assignment of an apprentice to any work performed under a public works contract would create a condition which would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large or if the specific task to which the apprentice is to be assigned is of such a nature that training cannot be provided by a journeyman.

**3. Fund Contributions**

Contractor is required to make contributions to funds established for administration of apprenticeship programs if Contractor employs registered apprentices or journeypersons in any apprenticeable trade on such contracts and if other contractors on the public works site are making such contributions.

**4. Apprenticeship Standards**

Information relative to apprenticeship standards, wage schedules, and other requirements may be obtained from the Director of the California Department of Industrial Relations, or from the Division of Apprenticeship Standards and its branch offices.

**III. SUPPLEMENTARY CONDITIONS – INSURANCE AND INDEMNIFICATION**

**1. INSURANCE**

- A. In addition to the Insurance requirements in Exhibit C, Contractor, in order to protect the KCHA and its board members, officials, agents, officers, employees and volunteers against all claims and liability for death, injury, loss and damage as a result of

Contractor's actions in connection with the performance of Contractor's obligations, as required in the Contract Documents, shall secure and maintain insurance as described below. Contractor shall not perform any work under the Contract Documents until Contractor has obtained all insurance required under this section and the required certificates of insurance and all required endorsements have been sent to KCHA Risk Management at [riskmanagement@kernmedical.com](mailto:riskmanagement@kernmedical.com).

**1) Workers' Compensation and Employers Liability Insurance Requirement** -- In the event Contractor has employees who may perform any services pursuant to the Contract Documents, Contractor shall submit written proof that Contractor is insured against liability for workers' compensation in accordance with the provisions of section 3700 of the California Labor Code.

By signing the Agreement, Contractor makes the following certification, required by section 1861 of the Labor Code:

I am aware of the provisions of section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work pursuant to the Contract Documents.

2) If injury occurs to any employee of Contractor, Subcontractor or sub-subcontractor for which the employee, or the employee's dependents in the event of employee's death, is entitled to compensation from KCHA under provisions of the Workers' Compensation Insurance and Safety Act, as amended, or for which compensation is claimed from KCHA, KCHA may retain out of sums due Contractor under the Contract Documents, an amount sufficient to cover such compensation, as fixed by the Workers' Compensation Insurance and Safety Act, as amended, until such compensation is paid, or until it is determined that no compensation is due. If KCHA is compelled to pay compensation, KCHA may, in its discretion, either deduct and retain from the Contract Sum the amount so paid, or require Contractor to reimburse KCHA.

3) Nothing herein shall be construed as limiting in any way the extent to which Contractor or any Subcontractor may be held responsible for payment of damages resulting from their operations.

4) All Subcontractors shall maintain the same insurance required to be maintained by Contractor with respect to their portions of the Work unless otherwise indicated in the Contract Documents, and Contractor shall cause the Subcontractors to furnish proof thereof to KCHA within ten Days of KCHA's request.

## 2. INDEMNIFICATION

A. In addition to the Indemnification requirements in the Agreement, KCHA and each of its officers, employees, consultants and agents including, but not limited to, its Board, Project Manager and any Representative, shall not be liable or accountable in any manner for loss or damage that may happen to any part of the Work; loss or damage to materials or other things used or employed in performing the Work; injury, sickness, disease, or death of any person; or damage to property resulting from any cause whatsoever except their sole negligence, willful misconduct or active negligence, attributable to performance or character of the Work, and Contractor releases all of the foregoing persons and entities from any and all such claims.

B. To the furthest extent permitted by law (including without limitation California Civil Code §2782), Contractor shall assume defense of, and indemnify and hold harmless, KCHA in accordance with the Agreement and with respect to third-party claims against Contractor, Contractor waives any and all rights to any type of express or implied indemnity against KCHA and each of its officers, employees, consultants and agents including, but not limited to KCHA, the Board, Project Manager and any Representative. KCHA shall provide timely notice to Contractor of any third-party claim relating to the Contract Documents, in accordance with Section 9201 of the California Public Contract Code.

- 1) Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Contractor, its Subcontractors of any tier, or the officers or agents of any of them.
- 2) To the furthest extent permitted by law (including, without limitation, Civil Code §2782), the indemnities, releases of liability and limitations of liability, claims procedures, and limitations of remedy expressed throughout the Contract Documents shall apply even in the event of breach of Contract, negligence (active or passive), fault or strict liability of the party(ies) indemnified, released, or limited in liability, and shall survive the termination, rescission, breach, abandonment, or completion of the Work or the terms of the Contract Documents. If Contractor fails to perform any of these defense or indemnity obligations, KCHA may in its discretion back charge Contractor for KCHA's costs and damages resulting therefrom and withhold such sums from progress payments or other Contract moneys which may become due.
- 3) The indemnities in the Contract Documents shall not apply to any indemnified party to the extent of its sole negligence or willful misconduct; nor shall they apply to KCHA or other indemnified party to the extent of its active negligence.



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

January 21, 2026

**Subject:** Proposed Agreement with Perspective Design Architects, Inc., doing business as PDA, Inc. to provide design and construction administration for main campus and clinical space

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

**Summary:**

Kern Medical requests your Board approve the proposed Agreement with Perspective Design Architects, Inc., doing business as PDA, Inc. (PDA, Inc.), in the amount of \$750,000, effective January 21, 2026 through January 20, 2029, to provide design services for budgeted construction projects at the main campus and clinic space. Construction project design services under this Agreement include, but are not limited to:

- Hot Room to Central Plant
- In House Pharmacy USP 800 Mods
- Air Handler Repair/Replacement
- Lobby Upgrades
- Mobile MRI
- Spectrum Upgrades

Therefore, it is recommended that your Board approve the Agreement with PDA, Inc., in an amount not to exceed \$750,000, effective January 21, 2026 through January 20, 2029, to provide design and construction administration for various budgeted projects and authorize the Chairman to sign.

**KERN COUNTY HOSPITAL AUTHORITY  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
SCHEDULE TO MASTER TERMS AND CONDITIONS: PPSA**

THIS SCHEDULE shall be effective on: January 21, 2026 ("Effective Date") and shall terminate and shall terminate no later than January 20, 2029.

Kern County Hospital Authority Department: Construction ("Responsible KCHA Department") Located at: 1700 Mt. Vernon Avenue, Bakersfield, CA 93306.

Service Provider: Perspective Design Architects, Inc., dba PDA, Inc. ("Consultant") Located at: 1330 22<sup>nd</sup> Street, Suite 100, Bakersfield, California 93301.

Consultant is (select one):  
☐ Sole Proprietorship  
☒ Incorporated in the State of California.  
☐ Other (specify) \_\_\_\_\_.

Consultant shall provide those services described in Exhibit "A" which is attached hereto and incorporated herein by this reference.

Kern County Hospital Authority ("KCHA") shall compensate Consultant for all services to be provided hereunder, including any reimbursement of travel expenses and other costs incurred by Consultant under this Agreement, in an aggregate sum not to exceed \$750,000 and Consultant will quote each project and a Purchase Order will be used under this Agreement for each approved Project.

(Select one of the following two)

☒ KCHA shall **not** reimburse Consultant for any costs or travel expenses incurred by Consultant hereunder.  
☐ KCHA shall reimburse Consultant for all necessary and reasonable actual costs or travel expenses incurred on behalf of KCHA. If the reimbursable expenses include travel, the travel expenses must be reasonable and necessary, approved in advance by the Responsible KCHA Department, and shall not exceed the following KCHA per diems: Lodging, \$116.00 per night plus tax; breakfast, \$14.00; lunch, \$16.00; dinner, \$26.00; economy rental car; and mileage, if by private automobile, at \$.56 per mile; and by common carrier at actual fare charged for economy or coach class.

Consultant shall be required to have the following Insurance coverages, as described in the Master Terms and Conditions, in the minimum amounts indicated: (select all that apply)

☒ Workers' Compensation: As required by California Labor Code Section 3700  
☒ Commercial General Liability (\$1,000,000/Occurrence & \$2,000,000/Aggregate) or other amounts \_\_\_\_\_ & \_\_\_\_\_  
☒ Automobile Liability (\$1,000,000/Occurrence) or other amounts \_\_\_\_\_ & \_\_\_\_\_  
☐ Professional Liability (\$1,000,000/Occurrence & \$2,000,000/Aggregate) or other amounts \_\_\_\_\_ & \_\_\_\_\_

**Note:** If a lesser amount is shown, the Responsible KCHA Department must obtain the prior written approval of KCHA's Risk Manager.

Should any conflicts arise between this Schedule and the Master Terms and Conditions attached hereto and incorporated herein by this reference, the Schedule shall control.

**IN WITNESS WHEREOF**, each party has signed this Schedule upon the date indicated, and agrees, for itself, its employees, officers, partners and successors, to be fully bound by all terms and conditions of this Agreement.

**KERN COUNTY HOSPITAL AUTHORITY**

**APPROVED AS TO CONTENT:**  
Responsible KCHA Department

By: \_\_\_\_\_  
Philip McLaughlin, Chair Board of Governors  
"KCHA"

By: \_\_\_\_\_  
Scott Thygerson, Chief Executive Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**PERSPECTIVE DESIGN ARCHITECTS,  
INC., DBA PDA, INC.**

**APPROVED AS TO FORM:**  
Legal Services Department

By: [Signature]  
Name: \_\_\_\_\_ Title: PRINCIPAL

By: [Signature]  
Hospital Counsel, Kern County Hospital Authority

"Consultant"

Date: 1.8.26

Date: 1/12/26

**KERN COUNTY HOSPITAL AUTHORITY  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
MASTER TERMS AND CONDITIONS  
PPSA-STANDARD**

THIS AGREEMENT ("Agreement") is entered into on the Effective Date shown on the attached Schedule, by and between the KERN COUNTY HOSPITAL AUTHORITY, a local unit of government, which owns and operates Kern Medical Center, as represented by the Chief Executive Officer ("KCHA"), with its principal location at 1700 Mount Vernon Avenue, Bakersfield, CA 93306, and CONSULTANT identified on the Schedule ("Consultant"). KCHA and Consultant are individually referred to as a "Party" and collectively as the "Parties."

**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. The KCHA Department identified on the Schedule as the Responsible KCHA Department requires those services which are specified in **Exhibit A**.

C. KCHA desires to engage Consultant to provide the services and Consultant, by reason of its qualifications, experience, and facilities for doing this type of work, has offered to provide the required services on the terms set forth in this Agreement.

D. The Chief Executive Officer ("CEO") has been authorized by the Board of Governors to contract for personal/professional services in an amount not to exceed \$250,000 per year of a three (3) year agreement.

**AGREEMENT**

1. **Services to be Rendered.** Consultant shall provide the services and products described in **Exhibit A ("Services")**.

2. **Compensation to Consultant.** KCHA shall compensate Consultant in accordance with the compensation selection(s) shown on the Schedule. No additional compensation shall be paid for secretarial, clerical support staff, overhead or any other costs incurred by Consultant by providing the Services to KCHA.

3. **Reimbursement Policy and Billing Requirements.** All invoices for payment shall be submitted in a form approved by KCHA based upon the payment schedule selected on Schedule, shall contain an itemization of all costs and fees broken down monthly (including an itemization of all reimbursable expenses incurred, including travel if applicable) and shall be stated as a cumulative total. Invoices shall be sent for review and processing to the Responsible KCHA Department. Consultant shall also provide an informational copy to the CEO. Payment shall be made to Consultant within 30 days of receipt and approval of the invoice by the Responsible KCHA Department.

4. **Term.** This term of this Agreement ("**Term**") shall start on the Effective Date and shall terminate on the Termination Date, unless sooner terminated as provided in this Agreement.

5. **Assignment.** Consultant shall not assign, transfer or encumber this Agreement, or any part, and Consultant shall not assign any monies due or which become due to Consultant under this Agreement, without the prior written consent of the CEO.

6. **Audit, Inspection and Retention of Records.** Consultant shall maintain and make available to KCHA accurate books and records relative to the Services under this Agreement. Consultant shall permit KCHA to audit, examine and make excerpts and transcripts from its records and to conduct audits of all invoices, materials, records of personnel or other data related to the Services under this Agreement. Consultant shall maintain its data and records in an accessible location and condition for a period of not less than three years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The State of California and/or any federal agency having an interest in the subject of this Agreement shall have the same rights as KCHA.

7. **Authority to Bind KCHA.** It is understood that Consultant, in Consultant's performance of any Services under this Agreement, except as otherwise provided in this Agreement, has no authority to bind KCHA to any agreements or undertakings.

8. **Indemnification.**

a. **General.** Consultant shall defend, indemnify, and hold harmless KCHA and KCHA's board members, elected and appointed officials, officers, employees, agents, volunteers and authorized representatives ("**KCHA Indemnified Parties**") from any losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs (including attorneys' fees of in-

house and outside counsel, expert fees, costs of staff time, and investigation costs) ("**Claims**") which arise out of or relate to any act or omission of Consultant or Consultant's officers, employees, agents and subcontractors of any tier hired by Consultant to perform the Services ("**Consultant Representatives**"). This indemnification obligation shall include bodily and personal injury or death to any person; damage to any property, regardless of where located, including the property of KCHA; and any workers' compensation Claim arising from or relating to any Services.

b. **Immigration Reform and Control Act.** Consultant acknowledges that Consultant and Consultant Representatives are aware of and understand the Immigration Reform and Control Act ("**IRCA**"). Consultant is and shall remain in compliance with the IRCA and shall ensure that any Consultant Representatives are and shall remain in compliance with the IRCA. In addition, Consultant shall defend, indemnify and hold harmless KCHA and KCHA Indemnified Parties from any Claims which arise out of or relate to any allegations that Consultant and Consultant Representatives are not authorized to work in the United States and/or any other allegations based upon alleged IRCA violations committed by Consultant or Consultant Representatives.

c. **Infringement Claim.** If any Claim is asserted or action or proceeding brought against KCHA or KCHA Indemnified Parties which alleges that all or any part of the Services in the form supplied by Consultant or KCHA's use, infringes or misappropriates any United States or foreign patent or copyright, or any trade secret or other proprietary right, KCHA shall give Consultant prompt written notice. Consultant shall defend any Claim with counsel of Consultant's choice and at Consultant's sole cost and shall indemnify KCHA for any costs, including attorney's fees and damages actually incurred by KCHA, including steps KCHA may take to avoid entry of any default judgment or other waiver of KCHA's rights. KCHA shall cooperate fully with and may monitor Consultant in the defense of any claim, action or proceeding and shall make employees available as Consultant may reasonably request with regard to the defense, subject to reimbursement by Consultant of all costs incurred by KCHA's cooperation in the defense.

d. **Remedy of Infringement Claim.** If the Services are, in Consultant's opinion, likely to become or do become the subject of a claim of infringement or misappropriation of a United States or foreign patent, copyright, trade secret or other proprietary right, or if a temporary restraining order or other injunctive relief is entered against the use of part or all of the Services, Consultant shall within 90 days:

1. **Replace.** Promptly replace the Services with compatible, functionally equivalent and non-infringing Services;
2. **Modify.** Promptly modify the Services to make them non-infringing without materially impairing KCHA's ability to use the Services as intended;
3. **Procure Rights.** Promptly procure the right of KCHA to continue using the Services; or
4. **Refund.** As a last resort, if none of these alternatives is reasonably available to Consultant, and KCHA is enjoined or otherwise precluded legally from using the Services, Consultant shall, within 120 days of the judgment or other court action, promptly refund to KCHA all fees and costs paid for the Services, and this Agreement shall terminate. All licensed products will be disposed of as ordered by the governing court at the sole cost of Consultant or as determined by KCHA if the court does not so direct.

e. **Modification of Services.** This indemnification does not extend to modifications or additions to the Services made by KCHA or any third party without the prior written consent of Consultant, or to any unauthorized use of the Services by KCHA.

f. **Survival of Indemnification Obligations.** Upon completion of this Agreement, the provisions of this Section 8 shall survive.

9. **Insurance.** With respect to performance of work under this Agreement, Consultant shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain, insurance as described in Exhibit "C," attached hereto and incorporated herein by this reference

10. **Consultant Representations.** Consultant makes the following representations, which the Parties agree are material to and form a part of the inducement for this Agreement:

a. **Expertise and Staff.** Consultant has the expertise, support staff and facilities necessary to provide the Services; and

b. **No Adverse Interests.** Consultant does not have any actual or potential interests adverse to KCHA, nor does Consultant represent a person or firm with an interest adverse to KCHA relating to the subject of this Agreement; and

c. **Timeliness.** Consultant shall diligently provide the Services in a timely and professional manner in accordance with the terms and conditions in this Agreement.

11. **Ownership of Documents.** All reports, documents and other items generated or gathered in the course of providing the Services are and shall remain the property of KCHA, and shall be returned to KCHA upon full completion of the Services or termination of this Agreement, whichever first occurs.

12. **Rights to Contracted Products.**

a. **Belong to KCHA.** For no additional fee or charge, products developed, prepared, generated or gathered by Consultant or Consultant's Representatives under this Agreement, shall be considered creative works for hire and shall be delivered to and become the exclusive property of KCHA and may be used by KCHA in any way it may deem appropriate. Consultant shall have no rights in the products, except the right to use the products for the exclusive purpose of providing the Services, and Consultant shall not copy or disclose to any third party any product, except as is expressly set forth in this Agreement or by separate written agreement between the Parties. These provisions do not apply to Consultant's original licensed software or administrative communications and records, which shall remain the exclusive property of Consultant,

b. **Use by KCHA.** The ideas, concepts, know-how, and techniques developed during the course of this Agreement may be used by KCHA in any way it may deem appropriate, so long as that use does not violate any term in this Agreement or any Applicable Law.

c. **No Publication.** Consultant or Consultant's Representatives shall not publish or disseminate information gained through participation in this Agreement without the specific prior review and written consent by KCHA.

d. **Delivery to KCHA.** Upon termination or expiration of this Agreement, Consultant shall immediately deliver to KCHA all KCHA-owned programs and documentation developed under this Agreement. In addition, Consultant grants to KCHA a perpetual, royalty-free, non-exclusive, irrevocable, and non-transferable license to use, solely for KCHA purposes, any Consultant-owned program, including system software, utilized by Consultant in performance of the Services.

e. **Survival of Covenants.** Upon completion of this Agreement, the provisions of this **Section 12** shall survive.

13. **Termination.** The CEO may at his or her election, without cause, terminate this Agreement by written notice ("**Notice of Termination**"). The Notice of Termination will be deemed effective 15 days after personal delivery, or 20 days after mailing by regular U.S. Mail, postage prepaid. In addition, either Party may immediately terminate this Agreement if the other Party fails to substantially perform in accordance with the terms and conditions of this Agreement through no fault of the Party initiating the termination. In the event this Agreement is terminated by either Consultant or the CEO, Consultant shall submit to the Responsible KCHA Department all files, memoranda, documents, correspondence and other items generated in the course of performing the Services, within 15 days after the effective date of the Notice of Termination. If either Party terminates this Agreement as provided in this **Section 13**, KCHA shall pay Consultant for all satisfactory Services rendered by Consultant prior to the effective date of Notice of Termination in an amount not to exceed the maximum dollar amount shown on the Schedule.

14. **Choice of Law/Venue.** The Parties agree that the provisions of this Agreement shall be construed under the laws of the State of California. This Agreement has been entered into and is to be performed in the County of Kern. Accordingly, the Parties agree that the venue of any action relating to this Agreement shall be in the County of Kern.

15. **Compliance with Applicable Law.** Consultant shall observe and comply with all applicable county, state and federal laws, ordinances, rules and regulations now in effect or later enacted ("**Applicable Law**"), each of which is made a part of this Agreement. While on KCHA property, Consultant will also follow all applicable policies and any direction of staff.

16. **Confidentiality.** Consultant shall not, without the prior written consent of the CEO, communicate confidential information, designated in writing or identified in this Agreement as confidential, to any third party and shall protect confidential information from inadvertent disclosure to any third party in the same manner that it protects its own confidential information, unless disclosure is required in response to a validly issued subpoena or other process of law. Upon completion of this Agreement, the provisions of this **Section 16** shall continue to survive.

17. **Conflict of Interest.** Consultant has read and is aware of the provisions of Government Code Section 1090 et seq. and Section 87100 et seq. relating to conflict of interest of public officers and employees. Consultant acknowledges that it is unaware of any financial or economic interest of any public officer or employee of KCHA relating to this Agreement. If it is further understood and agreed that if a financial interest does exist at the inception of this Agreement, KCHA may immediately terminate this Agreement by giving written notice. Consultant shall comply with the requirements of Government Code Section 1090 et seq. and 87100 et seq. during the Term.

18. **Cooperation with KCHA Compliance Obligations.** Consultant shall cooperate with the compliance program maintained by KCHA and KMC (the "**Compliance Program**") to the extent that such requirements are (i) applicable to the operation of KCHA or KMC and Consultant's provision of services under this Agreement, (ii) consistent with applicable industry standards and laws, and (iii) communicated to Consultant, so that KCHA may meet all requirements imposed by laws and any governing or advisory body

having authority to set standards governing the operation of KCHA and KMC.

19. **Disqualified Persons.** Consultant represents and warrants that no person providing goods and/or services under the terms of this Agreement (i) has been convicted of a criminal offense related to healthcare (unless such individual has been officially reinstated into the federal healthcare programs by the Office of Inspector General ("OIG") and provided proof of such reinstatement to KCHA), (ii) is currently under sanction, exclusion or investigation (civil or criminal) by any federal or state enforcement, regulatory, administrative or licensing agency or is ineligible for federal or state program participation, or (iii) is currently listed on the General Services Administration List of Parties Excluded from the Federal Procurement and Non-Procurement Programs. Consultant agrees that if any individuals providing goods and/or services under the terms of this Agreement becomes involved in a pending criminal action or proposed civil debarment, exclusion or other sanctioning action related to any federal or state healthcare program (each, an "Enforcement Action"), Consultant shall immediately notify KCHA and such individual shall be immediately removed by Consultant from any functions, provided, however, that if Consultant is directly involved in the Enforcement Action, any agreement between KCHA and Consultant shall terminate immediately.

20. **Enforcement of Remedies.** No right or remedy conferred on or reserved to a Party is exclusive of any other right or remedy under law, equity or statute, but each shall be cumulative of every other right or remedy now or in the future existing under law, equity or statute, and may be enforced concurrently or from time to time.

21. **Health Insurance Portability and Accountability Act-HITECH.** Consultant understands that KCHA is a Covered Entity that provides medical and mental health services and that Consultant has no authorization to obtain access to any Protected Health Information ("PHI") in any form while performing services for KCHA. If, in the course of performing services, Consultant sees or hears any PHI, this PHI is to be treated as private and confidential, including the fact that a person has visited this facility(ies) or receives (or previously received) services from KCHA. The privacy and confidentiality of KCHA's patients are protected by KCHA policies and procedures, state laws and regulations and Federal HIPAA Regulations. If appropriate Consultant agrees to execute a business associate agreement with KCHA to supplement this Agreement if requested, to be incorporated herein as Exhibit D if so required.

22. **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.

23. **Negation of Partnership.** In the performance of the Services, Consultant shall be, and acknowledges that Consultant is, in fact and law, an independent contractor and not an agent or employee of KCHA. Consultant has and retains the right to exercise full supervision and control of the manner and methods of providing the Services. Consultant retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting Consultant in the provision of the Services. With respect to Consultant's employees, if any, Consultant 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 employee taxes, whether federal, state or local, and compliance with any Applicable Law regulating employment.

24. **Non-collusion Covenant.** Consultant represents and agrees that (i) it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with KCHA and (ii) it has received from KCHA no incentive or special payments and no considerations not related to the provision of the Services.

25. **Non-discrimination.** Neither Consultant, nor any Consultant Representative, shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, sex, or any other classification protected by Applicable Law, either directly, indirectly or through contractual or other arrangements.

26. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of KCHA. Forbearance or indulgence by KCHA shall not constitute a waiver of the covenant or condition to be performed by Consultant. KCHA shall be entitled to invoke any remedy available to KCHA under this Agreement or by Applicable Law despite the forbearance or indulgence.

27. **Notices.** All notices under this Agreement shall be provided to the KCHA CEO at the address indicated in the opening section of this Agreement and to the Consultant and Responsible KCHA Department at the addresses shown on the Schedule. Delivery shall be by personal delivery or deposit in the U.S. Mail, postage prepaid, registered or certified mail, addressed as specified above. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received five days after deposit. A Party may change the address to which notice is to be given by giving notice as provided above. Nothing in this Agreement shall be construed to prevent or render ineffective delivery of notices under this Agreement by leaving the notice with the receptionist or other person of like capacity employed in Consultant's office, or the CEO.

28. **Captions and Interpretation.** Section headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a Party because that Party or its legal representative drafted the provision. This Agreement is the product of negotiation and both Parties are equally responsible for its authorship. California Civil Code Section 1654 shall not apply to the interpretation of this Agreement.

29. **Counterparts.** This Agreement 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 document.

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

31. **Regulatory Compliance.** In compliance with title 22, California Code of Regulations, section 70713 KMC will retain professional and administrative responsibility for services rendered under this Agreement. Consultant shall apprise Kern Medical of recommendations, plans for implementation and continuing assessment through dated and signed reports which shall be retained by Kern Medical for follow-up action and evaluation of performance.

32. **Access to Books and Records.** Until the expiration of four years after the expiration or termination of this Agreement, Kern Medical and Consultant 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 Consultant provided under this Agreement.

33. **Severability.** If any term or provision of this Agreement is determined by a court to be in conflict with any Applicable Law, or otherwise be unenforceable or ineffectual, the validity of the remaining terms or provisions shall be deemed severable and shall not be affected, provided that the remaining terms or provisions can be construed in substance to constitute the agreement which the Parties intended to enter into on the Effective Date.

34. **Signature Authority.** Each Party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each Party has been properly authorized and empowered to enter into this Agreement.

35. **Sole Agreement.** This Agreement, including the Schedule and Exhibits, contains the entire agreement of the Parties relating to the Services, rights, obligations and covenants contained in this Agreement and assumed by the Parties. No inducements, representations or promises have been made, other than those stated in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.

36. **Time of Essence.** Time is expressly declared to be of the essence of this Agreement and of each provision, and each provision is declared to be a material, necessary and essential part of this Agreement.

37. **No Third-Party Beneficiaries.** The Parties understand and agree that the enforcement of these terms and conditions and all rights of action relating to enforcement, shall be strictly reserved to KCHA and Consultant. Nothing contained in this Agreement shall give or allow any claim or right of action by any other third person. It is the express intention of KCHA and Consultant that any person or entity, other than KCHA or Consultant, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

38. **Gender/Plural.** References to feminine, masculine or neutral include the other, and references to the singular or plural include the other.

39. **Recitals.** Each of the recitals is incorporated in this Agreement, is deemed to be the agreement and a reflection of the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

40. **Priority.** In the event of a conflict between the terms of KCHA and any Consultant/Contractor/Vendor document, whether incorporated herein or otherwise, the terms of KCHA shall control.

41. Consultant shall not use the trade names, trademarks, service marks, name or likeness of KCHA or any adaptation thereof, in any advertising, promotional or sales literature without prior written consent obtained from KCHA.

42. **Exhibits.** The below exhibits attached to this Agreement are incorporated into this Agreement by reference.

Exhibit A: Services

Exhibit A-1: IRS Form W-9

Exhibit B: Fee Schedule

Exhibit C: Insurance

Exhibit D: Intentionally Omitted

Exhibit E: Additional Engineering Terms

**EXHIBIT A**  
**SERVICES**

## **EXHIBIT A SERVICES**

Consultant shall provide the Services indicated below for the Responsible Authority Department based on the payment schedule and services set forth in each completed Work Authorization Form, the form of which is attached hereto as Exhibit B.

### **1. Full description of Services:**

#### **1.1 GENERAL SERVICES OF CONSULTANT**

A. Consultant shall provide Architecture/Engineering Services for major maintenance and capital projects for Kern County Hospital Authority facilities at intermittent intervals and shall be prepared to render services at any time and for any period Authority may require. Consultant shall provide services pursuant to the issuance of a "Work Authorization" (the form of which is attached hereto and incorporated herein as Exhibit B) as required by Authority's Construction Services Division.

B. Services shall be provided on an as-needed basis with dates to be determined by Authority pursuant to a fully completed and properly executed Work Authorization Form. No work shall be initiated under this Agreement unless specifically approved by the Construction Services Division.

C. All services performed by Consultant shall be in conformity with this Agreement and shall be performed to the satisfaction of the Director of the General Services Department or his designee ("Director"). All work not conforming to all requirements will be reported to Consultant for resolution by Consultant.

D. Consultant shall coordinate all correspondence and communications regarding services to be provided under this Agreement through Authority's Construction Services Division or their designee.

#### **1.2 DESIGN SERVICES OF CONSULTANT**

##### **A. Schematic Design Phase:**

Consultant shall consult with Authority to ascertain project requirements.

Consultant shall prepare for Authority's review and approval Schematic Design Studies and a general project description as it pertains to the architectural/engineering discipline(s) to be performed by Consultant.

Consultant shall estimate probable project construction cost, subject to revision at the Design Development Phase.

##### **B. Design Development Phase:**

Consultant shall prepare (from the approved Schematic Design Documents) Design Development Documents, and technical outline specifications. These documents shall include standards for and kinds of materials and include standards for compliance with the current California Building Code, National Electrical Code, Uniform Plumbing Code, Uniform Mechanical Code, Uniform Fire Code, California Administrative Code Titles 15, 19 and 24 and all State laws and County ordinances, rules of the State or County Health Departments, rules of the National Board of Fire Underwriters and National Fire Protection Association, and local power company regulations as required for the architectural/engineering discipline(s) to be performed by Consultant.

Based on the Authority approved plans developed in the Schematic Design Phase, the Consultant shall refine these final construction documents.

Consultant shall assist Authority with submissions required for project approvals from appropriate public agencies. Consultant shall incorporate all modifications, changes or comments generated by these agencies on the Design Development Phase drawings.

Consultant shall return corrections, changes, etc., to Authority within fifteen (15) days of receipt, or pursuant to such specific, written authorization from Authority to exceed the fifteen (15) day response time.

C. Construction Document Phase:

Consultant shall prepare, from the approved Design Development Documents, working drawings and specifications, setting forth in detail the work to be done, the materials, workmanship, finishes, and equipment required for the architectural/engineering discipline(s) to be performed by Consultant.

Consultant shall assist Authority with submissions required for project approvals from appropriate public agencies. Consultant shall incorporate all modifications, changes or comments generated by these agencies on the Construction Document Phase drawings.

Consultant shall notify Authority whether there is an indicated material adjustment from previous estimates of the project construction cost arising from market fluctuations or approved changes in the Project's scope of requirements.

D. Construction Phase:

Consultant, following Authority's approval of the Construction Documents, shall assist Authority in obtaining bids from contractors including, but not limited to, responding to inquiries and preparing and responding to addenda requisite to obtaining bids and awarding the construction contract or contracts.

Consultant shall provide technical assistance and guidance to a Project Inspector to be employed by and be responsible to Authority.

Consultant shall take reasonable precautions to secure the contractor's compliance with the contract requirements but does not guarantee the performance of contractor's contracts.

Consultant shall provide general administration of the Construction Contract, including attendance at construction meetings on site and such periodic visits at the site as Authority deems necessary to assist in obtaining compliance with Contract Documents and endeavor to protect Authority against defects or deficiencies in the work of the contractor; make regular reports as required by applicable public agencies; keep Authority informed of construction progress; review and check schedules and shop drawings for compliance with design; review and make recommendations to Authority for proposed substitutions of materials, equipment, products and systems; review and make recommendations to Authority for submittal of product data and samples proposed for use; and review and forward to Authority, within fifteen (15) working days after receipt, submittal of contractor's shop drawings of fabrication and installation details proposed for use, provided such submittals were requested in Construction Document working drawings and specifications.

Consultant shall not be responsible for construction means, methods, techniques, sequences or procedures, the safety precautions and programs in connection with the work, or the contractor's failure to carry out the work in accordance with the Contract Documents.

Consultant's services shall continue throughout the Construction Phase, notwithstanding any delays in construction of the Project. Consultant, as part of Consultant's services to Authority, shall attempt to expedite the progress of the construction work by means of oral and written communications and by reference to agreed and accepted schedules. Consultant is not responsible for delays in construction occasioned by actions of the general contractor, or by anyone performing work for the

contractor, pursuant to subcontracts or otherwise. Authority will not pay additional compensation to the Consultant, or reimburse Consultant, for any expenses incurred as a result of construction delays.

Consultant, at no additional cost to Authority, shall provide advice to Authority on apparent deficiencies in project construction, which are discovered within one (1) year after the date of the Notice of Completion.

### 1.3 ADDITIONAL SERVICES OF THE CONSULTANT

The additional professional services listed in this section are not part of the basic services Consultant is to render pursuant to this Agreement.

Consultant agrees to render such of these additional services as the Authority directs in a written authorization which shall include mutually agreed upon terms and conditions, including payment provisions, for rendering them; provided, however, that if the need for the additional services is caused by error, omission or neglect of Consultant or persons employed by Consultant in the rendition of the services required by this Agreement, Consultant shall render the directed additional services without charge or cost to Authority:

A. Revisions and changes in approved documents except those which are required by public agencies other than Authority as conditions for project approvals and are included within the requirements of the design development and construction document phases stated above.

B. Plan preparation for portions of Project construction work to be let on a segregated bid basis.

C. Services for repair of damage to the Project.

D. If directed by Authority, the employment of special consultants and preparation of special delineations and models.

E. Providing detailed quantity surveys or inventories of materials, equipment and labor.

2. Consulting services shall be provided on an as needed basis to be determined by Authority pursuant to a fully completed and properly executed Work Authorization Form.

3. If training is involved, the hours per day that are included in the training and minimum/maximum number of staff/trainees allowed to attend the training: N/A

4. Materials, equipment, facilities, manuals, study guides, etc., will be provided as indicated to assist the Consultant in provision of Services:

#### By Responsible Authority Department:

A. Authority shall be responsible for submission to all governing agencies for approvals.

B. Authority shall provide information about the requirements for the Project, including realistic budget limitations and scheduling.

C. Authority shall provide all necessary materials testing such as compaction tests and material sampling.

D. Authority shall pay any required fees of public agencies having jurisdiction over approving the Project.

E. Authority shall review documents submitted by Consultant and shall promptly render decisions pertaining thereto to avoid unreasonable delay in the progress of the Project.

F. Authority shall provide bid and contract administration services.

G. Authority shall furnish continuous inspection services.

H. Authority shall furnish copies of existing information.

By Consultant:

N/A

**EXHIBIT A-1**  
**IRS FORM W-9**

**Request for Taxpayer  
Identification Number and Certification**

Give Form to the  
requester. Do not  
send to the IRS.

Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.  
**Perspective Design Architects, Inc**

2 Business name/disregarded entity name, if different from above  
**PDA, Inc.**

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC

☐ C Corporation

☒ S Corporation

☐ Partnership

☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=S corporation, S=S corporation, P=Partnership) **P**

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) \_\_\_\_\_

Exemption from FATCA reporting code (if any) \_\_\_\_\_

5 Address (number, street, and apt. or suite no.) See instructions.  
**1330 22nd Street, Suite 100**

6 City, state, and ZIP code  
**Bakersfield, CA 93301**

7 List account number(s) here (optional)

Requester's name and address (optional)  
**Kern County Hospital Authority  
Kern Medical  
1700 Mt Vernon Ave  
Bakersfield, CA 93301**

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

or

Employer identification number

**92-0756974**

**Part II Certification**

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions: You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign this certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign  
Here

Signature of  
U.S. person

Date **1/23/2023**

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

**Purpose of Form**

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

• Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
  - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
  - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
  - Form 1099-S (proceeds from real estate transactions)
  - Form 1099-K (merchant card and third party network transactions)
  - Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
  - Form 1099-G (canceled debt)
  - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
- If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

**EXHIBIT B**  
**FEE SCHEDULE**



Fee Schedule 2025-2026

|                                  |          |
|----------------------------------|----------|
| Principal Architect.....         | \$175.00 |
| Architect / Senior Designer..... | \$150.00 |
| Project Manager .....            | \$120.00 |
| Drafting II.....                 | \$90.00  |
| Drafting I.....                  | \$75.00  |
| Clerical .....                   | \$50.00  |

## EXHIBIT "C"

### INSURANCE

With respect to performance of work under this Agreement, Consultant shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described below unless such insurance has been expressly waived in writing by 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 and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Consultant 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 Consultant has employees. If Consultant currently has no employees, Consultant's written confirmation of such will be required before execution of this Agreement. If Consultant engages any employees during the term of this Agreement or any extensions thereof, Consultant 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 for all work performed by Consultant, its employees, agents and subcontractors.
- (e) Required Evidence of Insurance: Certificate of Insurance.

2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Consultant maintains higher limits than the specified minimum limits, KCHA requires and shall be entitled to coverage for the higher limits maintained by Consultant.
- (c) If Consultant has no Owned automobiles, the General Liability policy shall include Non-Owned and Hired Automobile Liability in the amount of \$1,000,000 combined single limit per accident.
- (d) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by KCHA. Consultant is responsible for any deductible or self-insured retention and shall fund it upon KCHA's written request, regardless of whether Consultant has a claim against the insurance or is named as a party in any action involving KCHA.
- (e) KCHA shall be named as an additional insured for liability arising out of operations by or on behalf of Consultant in the performance of this Agreement. See section 6 below for full Additional Insured wording.
- (f) 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.
- (g) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "I" definition of insured contract in ISO form CG 00 01, or equivalent).
- (h) The policy shall cover inter-insured suits between KCHA and Consultant and include a "separation of insureds" or "severability" clause, which treats each insured separately.
- (i) Required Evidence of Insurance: (i) Copy of the additional insured endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

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

4. Professional Liability Insurance (Errors and Omissions):
- (a) Professional Liability Insurance (Errors and Omissions) appropriate to Consultant's profession.
  - (b) Minimum Limits: \$1,000,000 per Occurrence or Claim; \$2,000,000 Annual Aggregate. If Consultant maintains higher limits than the specified minimum limits, KCHA requires and shall be entitled to coverage for the higher limits maintained by Consultant.
  - (c) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by KCHA. Consultant is responsible for any deductible or self-insured retention and shall fund it upon KCHA's written request, regardless of whether Consultant has a claim against the Insurance or is named as a party in any action involving KCHA.
  - (d) Required Evidence of Coverage: Certificate of Insurance.
5. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.
6. Additional Insured Wording: "Kern County Hospital Authority, its officers, officials, employees and volunteers" are to be named as Additional Insureds as per each section where noted above.
7. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:
- (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
  - (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work.*
  - (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Consultant must purchase "extended reporting" coverage for a minimum of *five (5) years* after completion of the contract work.
8. Documentation:
- (a) The Certificate of Insurance must include the following reference: "**Agreement for Professional Services – Master Facility Plan.**"
  - (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Consultant 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.
  - (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
  - (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
  - (e) Consultant shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
  - (f) Upon written request, certified copies of required insurance policies must be provided to KCHA within 30 days.
9. Policy Obligations: Consultant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.
10. Primary Coverage: For any claims related to this Agreement, Consultant's 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 Consultant's insurance and shall not contribute with it.
11. Waiver of Subrogation: Consultant hereby grants to KCHA a waiver of any right to subrogation, which any insurer of said Consultant may acquire against KCHA by virtue of the payment of any loss under such insurance. Consultant 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.
12. Material Breach: If Consultant 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 obtain damages from Consultant resulting from said breach. Alternatively, KCHA may purchase the required insurance, and without further notice to Consultant, KCHA may deduct from sums due to Consultant any premium costs advanced by KCHA for such insurance. These remedies shall be in addition to any other remedies available to KCHA.

[Intentionally left blank]



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/26/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. IF SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

|  |  |  |  |
|--|--|--|--|
| <b>PRODUCER</b><br><br>Dustin Gonzales<br>1601 New Silne Rd Ste 190<br><br>Bakersfield CA 93309-3699     |  | <b>CONTACT</b><br>NAME: Elizabeth Lelfheit<br><br>PHONE (A/C, NO, EXT): 661-836-6440 FAX (A/C, NO): 661-422-3022<br><br>E-MAIL ADDRESS: staff.dgonzales3@farmersagency.com                           |  |
| <b>INSURED</b><br><br>PERSPECTIVE DESIGN ARCHITECTS<br>1330 22ND ST<br>SUITE 100<br>BAKERSFIELD CA 93301 |  | <b>INSURER(S) AFFORDING COVERAGE</b><br><br>INSURER A: Farmers Insurance Exchange NAIC # 21652<br>INSURER B: Kinsale Insurance Exchange 3890<br>INSURER C:<br>INSURER D:<br>INSURER E:<br>INSURER F: |  |

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAME ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE  | ADD'L INSD | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY BXP (MM/DD/YYYY) | LIMITS   |
|----------|--|------------|----------|---------------|-------------------------|-------------------------|--|
| A        | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY   | Y          | Y        | 607015998     | 12/01/2025              | 12/01/2028              | EACH OCCURRENCE \$ 2,000,000                         |
|          | <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR                           |            |          |               |                         |                         | DAMAGE TO RENTED PREMISES (Ea Occurrence) \$ 500,000 |
|          |  |            |          |               |                         |                         | MED EXP (Any one person) \$ 5,000                    |
|          |  |            |          |               |                         |                         | PERSONAL & ADV INJURY \$ 2,000,000                   |
|          |  |            |          |               |                         |                         | GENERAL AGGREGATE \$ 4,000,000                       |
|          |  |            |          |               |                         |                         | PRODUCTS - COMP/OP AGG \$ 2,000,000                  |
|          |  |            |          |               |                         |                         | \$   |
|          |  |            |          |               |                         |                         |  |
| A        | <b>AUTOMOBILE LIABILITY</b>  | Y          | N        | 607015998     | 12/01/2025              | 12/01/2028              | COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000     |
|          | <input type="checkbox"/> ANY AUTO  |            |          |               |                         |                         | BODILY INJURY (Per person) \$                        |
|          | <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS                       |            |          |               |                         |                         | BODILY INJURY (Per accident) \$                      |
|          | <input type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY       |            |          |               |                         |                         | PROPERTY DAMAGE (Per accident) \$                    |
|          |  |            |          |               |                         |                         | \$   |
|          |  |            |          |               |                         |                         | \$   |
|          |  |            |          |               |                         |                         | \$   |
|          |  |            |          |               |                         |                         | \$   |
|          | <b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR  |            |          |               |                         |                         | EACH OCCURRENCE \$                                   |
|          | <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE  |            |          |               |                         |                         | AGGREGATE \$   |
|          | DED <input type="checkbox"/> RETENTION \$  |            |          |               |                         |                         | \$   |
|          |  |            |          |               |                         |                         |  |
|          | <b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>   | N/A        |          |               |                         |                         | PER STATUTE <input type="checkbox"/> OTHER \$        |
|          | ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> V/N |            |          |               |                         |                         | E.L. EACH ACCIDENT \$                                |
|          | If yes, describe under DESCRIPTION OF OPERATIONS below   |            |          |               |                         |                         | E.L. DISEASE - EA EMPLOYEE \$                        |
|          |  |            |          |               |                         |                         | E.L. DISEASE - POLICY LIMIT \$                       |
| B        | Professional Liability   |            | N        | 0100219302-2  | 12/16/2025              | 12/16/2026              | Per Claim \$2,000,000<br>Per Aggregate \$2,000,000   |

Architect office located at 1330 22nd St Bakersfield, CA 93301.

CERTIFICATE HOLDER

CANCELLATION

|   |   |
|---|---|
| Kern County Hospital Authority<br>1700 Mount Vernon Ave<br><br>Bakersfield CA 93306 | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.<br><br>AUTHORIZED REPRESENTATIVE <i>Elizabeth Lelfheit</i> |
|---|---|

**EXHIBIT E**  
**ADDITIONAL TERMS APPLICABLE TO CONSTRUCTION/ENGINEERING AGREEMENTS**

The Kern County Hospital Authority (KCHA), a public agency that is a local unit of government, which owns and operates Kern Medical Center, is subject to a variety of statutes (e.g. codes) and regulations that now apply to you as a Consultant/Contractor of KCHA. This Exhibit E outlines some, but not necessarily all of the requirements that you may now be required to meet as a Consultant/Contractor of a public entity.

**I. COMPLIANCE WITH LABOR STANDARDS**

1. KCHA has determined that the work contemplated by this Agreement falls within the definitions of "Public Works" set forth in the California Labor Code. Contractor acknowledges that Contractor is fully aware of prevailing wage requirements for public works projects as set forth in Article 2 (commencing with section 1770) of Chapter 1, Part 7 of the California Labor Code ("Prevailing Wage Requirements") and Contractor agrees to comply with the provisions of that Article to the extent the Prevailing Wage Requirements are applicable to the work conducted under this Agreement. Contractor further agrees that to the extent applicable, Contractor shall require any subcontractor it contracts with to comply with the Prevailing Wage Requirements. Contractor also agrees to indemnify, defend (upon request of KCHA) and hold, its officers, agents and employees, harmless from all claims, costs, causes of action, attorney fees, damages or liability from the failure of Contractor or Contractor's subcontractors to comply with the Prevailing Wage Requirements.

The Department of Industrial Relations of the State of California has determined the general prevailing rate of wages for each craft, classification or type of workers needed in the execution of contracts under the jurisdiction of Kern County. The schedule of rates can be obtained from or are on file with the Engineering Department at Kern Medical Center, located at 1700 Mt. Vernon Avenue, Bakersfield, CA 93305 and is hereby incorporated herein by this reference.

**II. APPRENTICESHIP PROGRAM**

**1. Compliance Required**

Contractor and Subcontractors shall comply with the requirements of California Labor Code §§1776, 1777.5, and 1777.6 concerning the employment of apprentices by Contractor or Subcontractors. Willful failure to comply may result in penalties, including loss of the right to Bid on or receive public works contracts.

**2. Certification of Approval**

California Labor Code §1777.5, as amended, requires a Contractor or Subcontractor employing tradespersons in any apprenticeable occupation to apply to the joint apprenticeship committee nearest the site of a public works project and which administers the apprenticeship program in that trade for a certification of approval. The certificate shall also fix the ratio of apprentices to journeypersons that will be used in performance of the Contract. The ratio of work performed by apprentices to journeypersons in such cases shall not be less than one *hour* of apprentices work for every five *hours* of labor performed by journeypersons (the minimum ratio for the land surveyor classification shall not be less than one apprentice for each five journeypersons), except:

- A. When unemployment for the previous three month period in the area exceeds an average of 15 percent;
- B. When the number of apprentices in training in the area exceeds a ratio of one to five;
- C. When a trade can show that it is replacing at least 1/30 of its membership through apprenticeship training on an annual basis state-wide or locally; or
- D. Assignment of an apprentice to any work performed under a public works contract would create a condition which would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large or if the specific task to which the apprentice is to be assigned is of such a nature that training cannot be provided by a journeyperson.

**3. Fund Contributions**

Contractor is required to make contributions to funds established for administration of apprenticeship programs if Contractor employs registered apprentices or journeypersons in any apprenticeable trade on such contracts and if other contractors on the public works site are making such contributions.

**4. Apprenticeship Standards**

Information relative to apprenticeship standards, wage schedules, and other requirements may be obtained from the Director of the California Department of Industrial Relations, or from the Division of Apprenticeship Standards and its branch offices.

**III. SUPPLEMENTARY CONDITIONS – INSURANCE AND INDEMNIFICATION**

**1. INSURANCE**

- A. In addition to the Insurance requirements in Exhibit C, Contractor, in order to protect the KCHA and its board members, officials, agents, officers, employees and volunteers against all claims and liability for death, injury, loss and damage as a result of

Contractor's actions in connection with the performance of Contractor's obligations, as required in the Contract Documents, shall secure and maintain insurance as described below. Contractor shall not perform any work under the Contract Documents until Contractor has obtained all insurance required under this section and the required certificates of insurance and all required endorsements have been sent to KCHA Risk Management at [riskmanagement@kernmedical.com](mailto:riskmanagement@kernmedical.com).

**1) Workers' Compensation and Employers Liability Insurance Requirement** -- In the event Contractor has employees who may perform any services pursuant to the Contract Documents, Contractor shall submit written proof that Contractor is insured against liability for workers' compensation in accordance with the provisions of section 3700 of the California Labor Code.

By signing the Agreement, Contractor makes the following certification, required by section 1861 of the Labor Code:

I am aware of the provisions of section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work pursuant to the Contract Documents.

2) If injury occurs to any employee of Contractor, Subcontractor or sub-subcontractor for which the employee, or the employee's dependents in the event of employee's death, is entitled to compensation from KCHA under provisions of the Workers' Compensation Insurance and Safety Act, as amended, or for which compensation is claimed from KCHA, KCHA may retain out of sums due Contractor under the Contract Documents, an amount sufficient to cover such compensation, as fixed by the Workers' Compensation Insurance and Safety Act, as amended, until such compensation is paid, or until it is determined that no compensation is due. If KCHA is compelled to pay compensation, KCHA may, in its discretion, either deduct and retain from the Contract Sum the amount so paid, or require Contractor to reimburse KCHA.

3) Nothing herein shall be construed as limiting in any way the extent to which Contractor or any Subcontractor may be held responsible for payment of damages resulting from their operations.

4) All Subcontractors shall maintain the same insurance required to be maintained by Contractor with respect to their portions of the Work unless otherwise indicated in the Contract Documents, and Contractor shall cause the Subcontractors to furnish proof thereof to KCHA within ten Days of KCHA's request.

## 2. INDEMNIFICATION

- A. In addition to the Indemnification requirements in the Agreement, KCHA and each of its officers, employees, consultants and agents including, but not limited to, its Board, Project Manager and any Representative, shall not be liable or accountable in any manner for loss or damage that may happen to any part of the Work; loss or damage to materials or other things used or employed in performing the Work; injury, sickness, disease, or death of any person; or damage to property resulting from any cause whatsoever except their sole negligence, willful misconduct or active negligence, attributable to performance or character of the Work, and Contractor releases all of the foregoing persons and entities from any and all such claims.
- B. To the furthest extent permitted by law (including without limitation California Civil Code §2782), Contractor shall assume defend, and indemnify and hold harmless, KCHA in accordance with the Agreement and with respect to third-party claims against Contractor, Contractor waives any and all rights to any type of express or implied indemnity against KCHA and each of its officers, employees, consultants and agents including, but not limited to KCHA, the Board, Project Manager and any Representative. KCHA shall provide timely notice to Contractor of any third-party claim relating to the Contract Documents, in accordance with Section 9201 of the California Public Contract Code.
- 1) Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Contractor, its Subcontractors of any tier, or the officers or agents of any of them.
  - 2) To the furthest extent permitted by law (including, without limitation, Civil Code §2782), the indemnities, releases of liability and limitations of liability, claims procedures, and limitations of remedy expressed throughout the Contract Documents shall apply even in the event of breach of Contract, negligence (active or passive), fault or strict liability of the party(ies) indemnified, released, or limited in liability, and shall survive the termination, rescission, breach, abandonment, or completion of the Work or the terms of the Contract Documents. If Contractor fails to perform any of these defense or indemnity obligations, KCHA may in its discretion back charge Contractor for KCHA's costs and damages resulting therefrom and withhold such sums from progress payments or other Contract moneys which may become due.
  - 3) The indemnities in the Contract Documents shall not apply to any indemnified party to the extent of its sole negligence or willful misconduct; nor shall they apply to KCHA or other indemnified party to the extent of its active negligence.



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

January 21, 2026

**Subject:** Proposed Quotes 98828 and Q-100798 with Skytron, LLC to complete the installation of the New OR and ED Lights

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

**Summary:**

Kern Medical requests your Board approve the proposed New OR and ED lights upgrade Quotes 98828 and Q-100798 with Skytron, LLC., for the replacement of surgical lights in the operating rooms in an amount not to exceed \$391,340. Kern Medical recommends approval of this manufacturer as they can utilize the existing ceiling structural supports to accommodate the proposed equipment, resulting in cost savings to the project. The Quotes will be effective January 21, 2026 through project completion.

Therefore, it is recommended that your Board approve the proposed New OR ED light upgrade Quotes 98828 and Q-100798 with Skytron, LLC, effective January 21, 2026, for the replacement of operating surgical lights in an amount not to exceed \$391,340 plus applicable taxes and shipping fees, and authorize the Chairman to sign.



## Skytron Offer Summary for Kern Medical Center

September 18, 2025

Thank you for your continued interest in **Skytron** surgical lighting at Kern Medical Center. In collaboration with our local representative, **J.M. Keckler**, we are pleased to offer innovative, durable systems that deliver the **clear, focused illumination** essential for today's procedures.

We are presenting two options for the ER Room. Both include our **exclusive HPG discounting** on all contracted items, ensuring meaningful savings off list price. We are also extending a bundling incentive for the combined purchase of all equipment and professional services in either option—**resulting in up to \$59K in additional savings** beyond standard GPO discounting.

To further support your team's success, Skytron is providing **First Responder Training for three (3) technicians at no additional cost** at our headquarters in Grand Rapids, Michigan—a **\$18,000 value** designed to strengthen in-house expertise and ensure long-term equipment performance (as outlined in Quote Q-98828).

**Our first option** includes the ER Room with mobilization costs, as concurrent access to the OR Rooms for installation is not available.

| Light Upgrade                        | Extended<br>List Price | HPG<br>Ext. Price | % off<br>list | Bundling<br>Discounted<br>Ext. Price | % off<br>list |
|--------------------------------------|------------------------|-------------------|---------------|--------------------------------------|---------------|
| <b>OR's 1-8 - Quote 98828</b>        |                        |                   |               |                                      |               |
| Lumos Dual Light [qty. 8]            | \$ 426,704             | \$ 256,022        | -40%          | \$ 247,488                           | -42%          |
| Professional Services *              |                        | 71,089            |               | 53,481                               | -25%          |
| Center Focus Handles                 |                        | 3,680             |               | 3,680                                |               |
| OR's 1-8 Investment                  |                        | \$ 330,791        |               | \$ 304,649                           |               |
| <b>ER Room - Quote 100798</b>        |                        |                   |               |                                      |               |
| Spectra Exam Light [qty. 12]         | \$ 76,800              | \$ 46,080         | -40%          | \$ 44,544                            | -42%          |
| Professional Services *              |                        | 62,087            |               | 41,546                               | -33%          |
| Sterilizable Positioning Handles     |                        | 600               |               | 600                                  |               |
| ER Room Investment                   |                        | \$ 108,767        |               | \$ 86,690                            |               |
| <b>OR + ER Room Total Investment</b> |                        |                   |               | <b>\$ 391,340</b>                    |               |

As an **alternative option**, if access is provided to one ER Room and one OR Room during each installation, the mobilization costs for the ER Rooms will be eliminated—resulting in **additional savings of more than \$23K**.

|  |           |           |      |                   |      |
|--|-----------|-----------|------|-------------------|------|
| <b>Alternative ER Room - Quote 103709</b>        |           |           |      |                   |      |
| Spectra Exam Light [qty. 12]                     | \$ 76,800 | \$ 46,080 | -40% | \$ 44,544         | -42% |
| Professional Services *                          |           | 25,720    |      | 17,908            | -30% |
| Sterilizable Positioning Handles                 |           | 600       |      | 600               |      |
| Alternative ER Room Investment                   |           | \$ 72,400 |      | \$ 63,052         |      |
| <b>OR + Alternative ER Room Total Investment</b> |           |           |      | <b>\$ 367,701</b> |      |

\* Costs Include: Installation, Mobilization, Project Management, and Go Live.

This page represents a summary of Skytron's proposal. Please reference the quote(s) listed above for detailed pricing, terms and conditions, and ordering information.



Kern Medical Center (h/c PO)

Sonia Gil  
1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018



**DATE**

09-18-2025

**EXPIRES**

01-16-2026

PRESENTED BY



**ACCOUNT MANAGER:** Nick Moore

**KERN MEDICAL CENTER-(OR'S 1-8) DUAL  
LUMOS LIGHT**

Quote#: Q-98828-10



ATTENTION

## Kern Medical Center (h/c PO)

1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018

Sonia Gil  
sonia.gil@kernmedical.com

Hello,

Attached is the quote that you requested. Please make your PO out to Skytron and email to trina@kecklermedical.com or fax to (209) 847-4166. For additional information please contact me at (209) 840-1717. Thank you for your business opportunity.

Mobile: (209) 840-1717

Nick Moore  
nick@kecklermedical.com  
J.M. Keckler Medical Co., Inc.

**QUOTE**

Q-98828-10

**DATE**

09-18-2025

**EXPIRES**

01-16-2026



ATTENTION

## Kern Medical Center (h/c PO)

1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018KERN MEDICAL CENTER-  
(OR'S 1-8) DUAL LUMOS  
LIGHT

QUOTE Q-98828-10

## PRICING SUMMARY

| PRODUCT   | QTY | LIST         | LIST          | QUOTED       | QUOTED        |
|---|-----|--------------|---------------|--------------|---------------|
|   |     | PRICE        | PRICE         | PRICE        | PRICE         |
|   |     | UNIT         | EXTENDED      | UNIT         | EXTENDED      |
| <b>OR's 1-8:</b>  |     |              |               |              |               |
| Lights: Dual Lumos Light  | 8   | \$ 53,798.00 | \$ 430,384.00 | \$ 32,462.80 | \$ 259,702.40 |
| <b>***Courtesy Haul-Away of old equipment included - Equipment must be previously de-installed by hospitals own contractor and ready for pick-up on same trip as installation of each room***</b> |     |              |               |              |               |
| ESSENT-851-300 Clinical First Responder Essentials - Cost of tuition and materials for one technician to attend Clinical First Responder Training.  | 3   | \$ 6,000.00  | \$ 18,000.00  | \$ 0.00      | \$ 0.00       |
| MISC Facility personnel will be responsible for their own hotel costs. Skytron will handle the booking at our preferred hotel to ensure shuttle service to and from Skytron each day.             | 1   | \$ 0.00      | \$ 0.00       | \$ 0.00      | \$ 0.00       |

**The bundling incentive applies when purchasing all items outlined in Quotes 98828 together with either Quote 100798 or Quote 103709. Additionally, this incentive can be further extended by including Quote 103705.**

|                                      |                      |
|--------------------------------------|----------------------|
| Subtotal                             | \$ 259,702.40        |
| Skytron One: Solutions Fees: Q-98828 | \$ 53,481.11         |
| Handling & Packaging Fees            | \$ 0.00              |
| Partnership Discount - Bundling      | \$ -8,534.08         |
| <b>TOTAL INVESTMENT</b>              | <b>\$ 304,649.43</b> |

**REQUIRED DEPOSIT** \$ 0

## QUOTE (Q-98828) SPECIFIC TERMS AND CONDITIONS

|             |   |
|-------------|---|
| GPO         | HPG – All Contracted Products (3890)  |
| ISSUE PO TO | Skytron, LLC · PO Box 888615, Grand Rapids, MI, 49588 · P: 616-656-2900 · trina@kecklermedical.com or fax to 209-847-4166 |
| REMIT TO    | Skytron, LLC · PO Box 675164, Detroit, MI, 48267-5164   |

QUOTE

Q-98828-10

DATE

09-18-2025

EXPIRES

01-16-2026

## Kern Medical Center-(OR's 1-8) Dual Lumos Light

### PRICING DETAIL LIGHTS: DUAL LUMOS LIGHT

Reference #: C-150032-2

Ceiling Height (inches): 112

Clearance: 2.5" (Standard Clearance)

| ITEM         | DESCRIPTION  | QTY<br>EXTENDED | LIST<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|--------------|--|-----------------|-----------------------|-------------------------|-----------------------------|
| L55-43/35    | Dual Lumos Lightheads with 43" and 35" Radial Arms                 | 8               | \$ 44,730.00          | \$ 26,838.00            | \$ 214,704.00               |
| PIK-L2       | Lumos Install Kit 2, one L5PS, one L5PS-B, backbox (B9-210-57-2)   | 8               | \$ 4,278.00           | \$ 2,566.80             | \$ 20,534.40                |
| B2-452-33-20 | VERTICAL SUPPORT TUBE LFS FLAT SCREEN UPPER 20"                    | 8               | Included              | Included                | Included                    |
| B2-452-33-14 | VERTICAL SUPPORT TUBE LFS FLAT SCREEN UPPER 14"                    | 8               | Included              | Included                | Included                    |
| B9-725-01-1  | Lumos L5 LCD Wall Control, ver. 2                                  | 8               | \$ 3,600.00           | \$ 2,160.00             | \$ 17,280.00                |
| SKY-ADP-PLT  | Skytron Adapter Plate  | 8               | \$ 730.00             | \$ 438.00               | \$ 3,504.00                 |
| B1-530-40-B  | Center Focus Handle with Intensity Control for Lumos Series, black | 16              | \$ 230.00             | \$ 230.00               | \$ 3,680.00                 |
| <b>TOTAL</b> |  |                 |                       |                         | <b>\$ 259,702.40</b>        |

QUOTE

Q-98828-10

DATE

09-18-2025

EXPIRES

01-16-2026

Kern Medical Center-(OR's 1-8) Dual Lumos  
LightPRICING DETAIL  
SKYTRON ONE: SOLUTIONS FEES: Q-98828

Reference #: C-150034-3

| ITEM          | DESCRIPTION   | QTY          |
|---------------|---|--------------|
|               |   | EXTENDED     |
| SERV-926-11   | Installation, inspection and warranty certification of surgical or procedure lighting system with two or three light heads , models series AUA____, DoVera-DMDM . Includes pre-installation walk through, installation and full functional testing of the system. Does not include electrical wiring, structure or wall control unit rough in. Pricing does not include weekend work. | 8            |
| SERV-927-20   | Project Management  | 21           |
| SERV-929-01   | Mobilization of service team for site specific required service engagement. Includes all transportation of necessary support equipment/service technician(s) for required service. Does not include transportation of point of service equipment required for the engagement.   | 1            |
| PRODUCT TOTAL |   | \$ 53,481.11 |

QUOTE

Q-98828-10

DATE

09-18-2025

EXPIRES

01-16-2026

## Kern Medical Center-(OR's 1-8) Dual Lumos Light

### PRICING DETAIL

#### SOLUTIONS: DETAILS ONLY - PRICING PRESENTED IN SKYTRON ONE: SOLUTIONS FEES

| ITEM              | DESCRIPTION  | QTY | LIST<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|-------------------|--|-----|-----------------------|-------------------------|-----------------------------|
| CLINICAL TRAINING | <p>Things to Know Before Registering:</p> <ul style="list-style-type: none"> <li>- A LAPTOP is a REQUIRED TOOL for SKYTRON TRAINING SEMINARS.</li> <li>- Service Training enrollment is limited to 2 people per facility per class and is on a first-come-first-served basis. Exceptions will not be made.</li> <li>- Do not arrange airfare prior to receipt of written or emailed confirmation of enrollment. Classes will be canceled for low enrollment.</li> <li>- Skytron provides lodging, local transportation to and from the training facility, and lunch each day.</li> <li>- Attendees are responsible for meals and transportation to and from Grand Rapids.</li> <li>- Skytron will make necessary hotel reservations for attendees and communicate reservation details prior to the start of training.</li> </ul> | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| PROJECT SCOPE     | As you budget for this project you should include your facilities management team to review the project scope.   | 1   | \$0.00                | \$0.00                  | \$0.00                      |

QUOTE

Q-98828-10

DATE

09-18-2025

EXPIRES

01-16-2026

| ITEM             | DESCRIPTION   | QTY | LIST<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|------------------|---|-----|-----------------------|-------------------------|-----------------------------|
| INSTALL-LIGHT    | <p>*Installation quoted to take place in (8) separate trips. If facility can guarantee that multiple rooms will be made available per trip, a revised quote can be provided.</p> <p>Installation pricing is an estimate only until site survey is conducted to determine if any additional site preparation is required for proper installation of equipment.</p> <p>Installation price is on facility provided mount and electrical. Includes installation of wall control to facility installed back box. All electrical connections and final ties must be made by a qualified electrician.</p> <p>Quoted prices are based on installation being performed during normal business hours Monday thru Friday, 8:00 am to 5:00 pm and to be performed within one year from receipt of purchase order. Installation beyond normal hours and time frame must be negotiated and a purchase order issued. Should the delivery and installation team arrive at the requested date and time specified by the facility/contractor and the facility is not ready a purchase order for additional costs will be required before installation actually begins. Any installation with a duration of more than 30 days will have progress billings &amp; payments. A schedule of values with milestones will be submitted at the early stages of project development.</p> | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| DEINSTALL        | Deinstallation of existing equipment to be performed by hospital's own facilities team or contractor. If you would like Keckler to perform deinstallation, additional fee will apply.   | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| TRADE IN-LIGHTS  | Trade-In DISCOUNT for Existing Surgical Lights (\$ Value based on Model/Condition). Trade-in lights must include fixtures, ceiling covers, vst's, wall control, handles, all electrical components and be in working condition.   | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| PROJECT MGMT FEE | Initiating, planning, executing, controlling, and closing the work to achieve the specific goals and criteria to assure a successful outcome.   | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| STORAGE          | Customer will receive the product at their facility and store until ready for installation. If storage and staging is requested of J.M. Keckler Medical then please contact your sales representative for pricing and terms.  | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| TOTAL            |   |     |                       |                         | \$0.00                      |

QUOTE

Q-98828-10

DATE

09-18-2025

EXPIRES

01-16-2026

## TERMS AND CONDITIONS

**CHANGE ORDER FEE:** Change order fees, equal to five percent (5%) of order total, apply if order changes occur within 60 days prior to shipment.

**CANCELLATION FEE:** Eight percent (8%) cancellation fee will be invoiced or deposit will be forfeited on cancelled items of an equipment order.

**DRAWING CHANGE FEE:** \$200.00 Drawing Revision Charge will be invoiced after 2nd submittal revision, and after 1st fabrication revision. \$750.00 Fabrication Revision Charge will be invoiced if revision is within 45 days of shipping.

**MINIMUM ORDER FEE:** Orders with a product total less than \$25.00 are subject to a \$20 non-refundable minimum order fee added to the invoice.

### **RE-STOCKING FEE:**

- a. Equipment - 20% re-stocking fee will apply to all returns for credit of new equipment not yet installed, within 180 days of shipment. Refurbishment charges, if any, are calculated upon inspection of goods when received. All returns to be authorized by Skytron in advance.
- b. Parts - \$50.00 re-stocking fee for inspection/testing, and up to five percent (5%) of item cost for repair/refurbishing charge (not to exceed \$2,500 per item). Non-warranty part returns with a List Price less than \$100.00 per item are not accepted.
- c. Re-Stocking policy does not supersede Skytron's North American Warranty policy, Demo policy, or Table Pad Return policy.

**WORKING HOURS:** All service and installation pricing is based on normal working hours: 8AM to 5PM, Monday thru Friday, excluding holidays.

**UNION LABOR:** Facilities requiring the use of union labor must be identified as such for quoting purposes.

**SEISMIC REQUIREMENTS:** Please notify Skytron's Service Manager for installations having specific seismic requirements. Skytron is not responsible for any x-raying of the floor, structural ceiling through bolting, and associated fasteners.

**SERVICE CONTRACTS:** A signed service contract is required for service programs included in this quote, if applicable. A preliminary evaluation of product may be required for product that has been in use for some time.

**SCHEDULING AND TRADE-IN EQUIPMENT:** Contact Skytron's Service Manager a minimum of 15 working days prior to desired installation date. Large and intensive projects requiring multiple phases require a minimum 60-day notice before installation commences. Notice is required for installation where trade-in equipment will be present. If required, for a fee, Skytron can disconnect and remove existing equipment.

**ELECTRICAL CONNECTIONS, FINAL TIE-INS AND FINISHES:** All final tie-ins of electrical connections, plumbing and media must be made by a qualified and licensed individual. Skytron does not provide final tie-in services due to local licensing regulations. Finish work (e.g. caulking and trim) is the responsibility of others. Installation of standard product moldings or trim is included in the pricing provided.

### **MISCELLANEOUS:**

- a. Unless otherwise noted, Skytron reserves the right to make product improvements, discontinue products or change prices without notice.
- b. Unless otherwise noted, quoted amounts do not include freight costs and applicable taxes. Freight and tax rates in effect at time of shipment will be applied.
- c. For products combining lights and equipment pendants, include installation pricing for both individual units.
- d. Buyer expressly agrees that no terms and conditions shall supersede those in this quote without express, written consent of Skytron.
- e. Pricing is subject to a potential surcharge due to tariff changes.

**UV DISINFECTION, IF APPLICABLE:** In order to maintain warranty on UV Disinfection products (IPT UV-C), a service contract must be purchased from Skytron, and service work performed by a Skytron Service Technician. Failure to comply with the terms of the service contract may void warranty. Service contract terms and conditions are available upon request.

**QUOTE**

Q-98828-10

**DATE**

09-18-2025

**EXPIRES**

01-16-2026



## TERMS AND CONDITIONS CONTINUED HEALTHTRUST PURCHASING GROUP (HPG)

### PAYMENT TERMS

Net forty-five (45) days after date of invoice, subject to credit approval.

Shipping and taxes are not included in this quote unless itemized above. All products are invoiced upon shipment.

### WARRANTY

2 - years parts and labor on Lights, Booms, Tables, and Integration.

1 - year parts and labor on UV and non-contracted products.

90 - days on replacement parts, supplies, and accessory items.

3 - years on Optik View displays.

15 - years on sterilizer pressure vessel (steam chamber and jacket).

*\*In order for any warranty to be valid, preventive maintenance must be performed by a Skytron trained and authorized technician in accordance with the specifications outlined in the product manuals. If the products are not maintained according to manufacturer's guidelines, or if documentation of such maintenance cannot be provided upon request, any warranty claims may be denied. Additionally, warranty claims may be denied if the product shows signs of abuse or misuse.*

### FREIGHT TERMS

F.O.B. destination, freight prepaid and added. Handling waived.

### DELIVERY

120 days after receipt of order, signed drawings and deposit, if applicable.

180 days after receipt of order and signed drawings for Architectural Walls, Doors and Ceiling systems.

### DEPOSIT

25% deposit required for Booms upon order acceptance.

50% deposit required for Integration, Ceiling Systems and custom products upon order acceptance.

### CONTRACT NUMBER

HPG-4659 (Lights, Booms); HPG-52425 (Tables and Accessories);

HPG-75778 (Integration); HPG-60722 (UV)

*I acknowledge that I have reviewed and accept the content of this quote in its entirety.*

Signature

Printed Name

Date

Title

Customer Purchase Order Number

Billing Address

Delivery Address

APPROVED AS TO FORM:  
Legal Services Department

By Phillip Jenkins  
Kern County Hospital Authority

QUOTE

Q-98828-10

DATE

09-18-2025

EXPIRES

01-16-2026



Kern Medical Center (h/c PO)

Sonia Gil  
1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018



**DATE**

08-27-2025

**EXPIRES**

12-25-2025

PRESENTED BY



**ACCOUNT MANAGER:** Nick Moore

**KERN MEDICAL CENTER-(6 RMS) ER LIGHTS  
UPGRADE**

Quote#: Q-100798-3



ATTENTION

**Kern Medical Center (h/c PO)**

1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018

Sonia Gil  
sonia.gil@kernmedical.com

Hello,

Attached is the quote that you requested. Please make your PO out to Skytron and email to trina@kecklermedical.com or fax to (209) 847-4166. For additional information please contact me at (209) 840-1717. Thank you for your business opportunity.

Mobile: (209) 840-1717

Nick Moore  
nick@kecklermedical.com  
J.M. Keckler Medical Co., Inc.

**QUOTE**

Q-100798-3

**DATE**

08-27-2025

**EXPIRES**

12-25-2025



ATTENTION

## Kern Medical Center (h/c PO)

1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018KERN MEDICAL CENTER-(6  
RMS) ER LIGHTS UPGRADE

QUOTE Q-100798-3

## PRICING SUMMARY

| PRODUCT   | QTY | LIST<br>PRICE<br>UNIT | LIST<br>PRICE<br>EXTENDED | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|---|-----|-----------------------|---------------------------|-------------------------|-----------------------------|
| <b>ER:</b>  |     |                       |                           |                         |                             |
| Lights: Spectra Lights  | 12  | \$ 6,450.00           | \$ 77,400.00              | \$ 3,890.00             | \$ 46,680.00                |
| <b>***Courtesy Haul-Away of old equipment included - Equipment must be previously de-installed by hospitals own contractor and ready for pick-up on same trip as installation of each room***</b>                           |     |                       |                           |                         |                             |
| <b>The bundling incentive applies when purchasing all items outlined in Quotes 98828 together with either Quote 100798 or Quote 103709. Additionally, this incentive can be further extended by including Quote 103705.</b> |     |                       |                           |                         |                             |
| Subtotal  |     |                       |                           |                         | \$ 46,680.00                |
| Skytron One: Pricing Presented in Skytron One: Solutions Fees   |     |                       |                           |                         | \$ 41,546.34                |
| Handling & Packaging Fees   |     |                       |                           |                         | \$ 0.00                     |
| Partnership Discount- Bundling  |     |                       |                           |                         | \$ -1,536.00                |
| <b>TOTAL INVESTMENT</b>   |     |                       |                           |                         | <b>\$ 86,690.34</b>         |
| <b>REQUIRED DEPOSIT</b>   |     |                       |                           |                         | <b>\$ 0</b>                 |

## QUOTE (Q-100798) SPECIFIC TERMS AND CONDITIONS

|             |   |
|-------------|---|
| GPO         | HPG – All Contracted Products (3890)  |
| ISSUE PO TO | Skytron, LLC · PO Box 888615, Grand Rapids, MI, 49588 · P: 616-656-2900 · trina@kecklermedical.com or fax to 209-847-4166 |
| REMIT TO    | Skytron, LLC · PO Box 675164, Detroit, MI, 48267-5164   |

QUOTE

Q-100798-3

DATE

08-27-2025

EXPIRES

12-25-2025

Kern Medical Center-(6 rms) ER Lights  
UpgradePRICING DETAIL  
LIGHTS: SPECTRA LIGHTS

Reference #: C-153812-3

Ceiling Height (inches): 109

| ITEM           | DESCRIPTION   | QTY      | LIST        | QUOTED      | QUOTED       |
|----------------|---|----------|-------------|-------------|--------------|
|                |   | EXTENDED | PRICE       | PRICE       | PRICE        |
|                |   |          | UNIT        | UNIT        | EXTENDED     |
| AUT1C          | Spectra AUT1 LED exam light on ceiling mount                    | 12       | \$ 6,400.00 | \$ 3,840.00 | \$ 46,080.00 |
| B4-241-03-16-5 | VERTICAL SUPPORT TUBE ST9-16.5 AUT1C                            | 12       | Included    | Included    | Included     |
| B4-242-02      | Sterilizable positioning handle for ST9 series,<br>AUT1C Series | 12       | \$ 50.00    | \$ 50.00    | \$ 600.00    |
| TOTAL          |   |          |             |             | \$ 46,680.00 |

QUOTE

Q-100798-3

DATE

08-27-2025

EXPIRES

12-25-2025

Kern Medical Center-(6 rms) ER Lights  
Upgrade

## PRICING DETAIL

SKYTRON ONE: PRICING PRESENTED IN SKYTRON ONE: SOLUTIONS  
FEES

Reference #: C-153809-4

| ITEM          | DESCRIPTION   | QTY          |
|---------------|---|--------------|
|               |   | EXTENDED     |
| SERV-926-13   | Installation, inspection and warranty certification of exam lighting system, single mount or up to two (2) flush ceiling mounted exam system, model series AUT1, TR-7C,F,W (2). Includes pre-installation walk through, installation and full functional testing of the system. Does not include electrical wiring, structure or wall control unit rough in. Pricing does not include weekend/after hours work. | 12           |
| SERV-927-20   | Project Management  | 17           |
| SERV-929-01   | Mobilization of service team for site specific required service engagement. Includes all transportation of necessary support equipment/service technician(s) for required service. Does not include transportation of point of service equipment required for the engagement.   | 1            |
| PRODUCT TOTAL |   | \$ 41,546.34 |

QUOTE

Q-100798-3

DATE

08-27-2025

EXPIRES

12-25-2025

## Kern Medical Center-(6 rms) ER Lights Upgrade

### PRICING DETAIL SOLUTIONS: Q-100798

| ITEM             | DESCRIPTION   | QTY | LIST<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|------------------|---|-----|-----------------------|-------------------------|-----------------------------|
| PROJECT SCOPE    | As you budget for this project you should include your facilities management team to review the project scope.  | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| INSTALL-LIGHT    | <p>*Installation quoted to take place in (6) separate trips. If facility can guarantee that multiple rooms will be made available per trip, a revised quote can be provided.</p> <p>Installation pricing is an estimate only until site survey is conducted to determine if any additional site preparation is required for proper installation of equipment.</p> <p>Installation price is on facility provided mount and electrical. Includes installation of wall control to facility installed back box. All electrical connections and final ties must be made by a qualified electrician.</p> <p>Quoted prices are based on installation being performed during normal business hours Monday thru Friday, 8:00 am to 5:00 pm and to be performed within one year from receipt of purchase order. Installation beyond normal hours and time frame must be negotiated and a purchase order issued. Should the delivery and installation team arrive at the requested date and time specified by the facility/contractor and the facility is not ready a purchase order for additional costs will be required before installation actually begins. Any installation with a duration of more than 30 days will have progress billings &amp; payments. A schedule of values with milestones will be submitted at the early stages of project development.</p> | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| DEINSTALL        | Deinstallation of existing equipment to be performed by hospital's own facilities team or contractor. If you would like Keckler to perform deinstallation, additional fee will apply.   | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| PROJECT MGMT FEE | Initiating, planning, executing, controlling, and closing the work to achieve the specific goals and criteria to assure a successful outcome.   | 1   | \$0.00                | \$0.00                  | \$0.00                      |

QUOTE

Q-100798-3

DATE

08-27-2025

EXPIRES

12-25-2025



| ITEM    | DESCRIPTION  | QTY | LIST<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|---------|--|-----|-----------------------|-------------------------|-----------------------------|
| STORAGE | Customer will receive the product at their facility and store until ready for installation. If storage and staging is requested of J.M. Keckler Medical then please contact your sales representative for pricing and terms. | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| TOTAL   |  |     |                       |                         | \$0.00                      |

QUOTE

Q-100798-3

DATE

08-27-2025

EXPIRES

12-25-2025

## TERMS AND CONDITIONS

**CHANGE ORDER FEE:** Change order fees, equal to five percent (5%) of order total, apply if order changes occur within 60 days prior to shipment.

**CANCELLATION FEE:** Eight percent (8%) cancellation fee will be invoiced or deposit will be forfeited on cancelled items of an equipment order.

**DRAWING CHANGE FEE:** \$200.00 Drawing Revision Charge will be invoiced after 2nd submittal revision, and after 1st fabrication revision. \$750.00 Fabrication Revision Charge will be invoiced if revision is within 45 days of shipping.

**MINIMUM ORDER FEE:** Orders with a product total less than \$25.00 are subject to a \$20 non-refundable minimum order fee added to the invoice.

### **RE-STOCKING FEE:**

- Equipment - 20% re-stocking fee will apply to all returns for credit of new equipment not yet installed, within 180 days of shipment. Refurbishment charges, if any, are calculated upon inspection of goods when received. All returns to be authorized by Skytron in advance.
- Parts - \$50.00 re-stocking fee for inspection/testing, and up to five percent (5%) of item cost for repair/refurbishing charge (not to exceed \$2,500 per item). Non-warranty part returns with a List Price less than \$100.00 per item are not accepted.
- Re-Stocking policy does not supersede Skytron's North American Warranty policy, Demo policy, or Table Pad Return policy.

**WORKING HOURS:** All service and installation pricing is based on normal working hours: 8AM to 5PM, Monday thru Friday, excluding holidays.

**UNION LABOR:** Facilities requiring the use of union labor must be identified as such for quoting purposes.

**SEISMIC REQUIREMENTS:** Please notify Skytron's Service Manager for installations having specific seismic requirements. Skytron is not responsible for any x-raying of the floor, structural ceiling through bolting, and associated fasteners.

**SERVICE CONTRACTS:** A signed service contract is required for service programs included in this quote, if applicable. A preliminary evaluation of product may be required for product that has been in use for some time.

**SCHEDULING AND TRADE-IN EQUIPMENT:** Contact Skytron's Service Manager a minimum of 15 working days prior to desired installation date. Large and intensive projects requiring multiple phases require a minimum 60-day notice before installation commences. Notice is required for installation where trade-in equipment will be present. If required, for a fee, Skytron can disconnect and remove existing equipment.

**ELECTRICAL CONNECTIONS, FINAL TIE-INS AND FINISHES:** All final tie-ins of electrical connections, plumbing and media must be made by a qualified and licensed individual. Skytron does not provide final tie-in services due to local licensing regulations. Finish work (e.g. caulking and trim) is the responsibility of others. Installation of standard product moldings or trim is included in the pricing provided.

### **MISCELLANEOUS:**

- Unless otherwise noted, Skytron reserves the right to make product improvements, discontinue products or change prices without notice.
- Unless otherwise noted, quoted amounts do not include freight costs and applicable taxes. Freight and tax rates in effect at time of shipment will be applied.
- For products combining lights and equipment pendants, include installation pricing for both individual units.
- Buyer expressly agrees that no terms and conditions shall supersede those in this quote without express, written consent of Skytron.
- Pricing is subject to a potential surcharge due to tariff changes.

**UV DISINFECTION, IF APPLICABLE:** In order to maintain warranty on UV Disinfection products (IPT UV-C), a service contract must be purchased from Skytron, and service work performed by a Skytron Service Technician. Failure to comply with the terms of the service contract may void warranty. Service contract terms and conditions are available upon request.

**QUOTE**

Q-100798-3

**DATE**

08-27-2025

**EXPIRES**

12-25-2025



## TERMS AND CONDITIONS CONTINUED HEALTHTRUST PURCHASING GROUP (HPG)

### PAYMENT TERMS

Net forty-five (45) days after date of invoice, subject to credit approval.

Shipping and taxes are not included in this quote unless itemized above. All products are invoiced upon shipment.

### WARRANTY

2 - years parts and labor on Lights, Booms, Tables, and Integration.

1 - year parts and labor on UV and non-contracted products.

90 - days on replacement parts, supplies, and accessory items.

3 - years on Optik View displays.

15 - years on sterilizer pressure vessel (steam chamber and jacket).

*\*In order for any warranty to be valid, preventive maintenance must be performed by a Skytron trained and authorized technician in accordance with the specifications outlined in the product manuals. If the products are not maintained according to manufacturer's guidelines, or if documentation of such maintenance cannot be provided upon request, any warranty claims may be denied. Additionally, warranty claims may be denied if the product shows signs of abuse or misuse.*

### FREIGHT TERMS

F.O.B. destination, freight prepaid and added. Handling waived.

### DELIVERY

120 days after receipt of order, signed drawings and deposit, if applicable.

180 days after receipt of order for Architectural Walls, Doors and Ceiling Systems.

### DEPOSIT

25% deposit required for Booms upon order acceptance.

50% deposit required for Integration, Ceiling Systems and custom products upon order acceptance.

### CONTRACT NUMBER

HPG-4659 (Lights, Booms); HPG-52425 (Tables and Accessories);

HPG-75778 (Integration); HPG-60722 (UV)

*I acknowledge that I have reviewed and accept the content of this quote in its entirety.*

Signature

Printed Name

Date

Title

Customer Purchase Order Number

Billing Address

Delivery Address

APPROVED AS TO FORM:  
Legal Services Department

By Phillip Jenkins  
Kern County Hospital Authority

QUOTE

Q-100798-3

DATE

08-27-2025

EXPIRES

12-25-2025



Kern Medical Center (h/c PO)

Sonia Gil  
1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018



**DATE**

08-27-2025

**EXPIRES**

12-25-2025

PRESENTED BY



**ACCOUNT MANAGER:** Nick Moore

**KERN MEDICAL CENTER-(6 RMS) ER  
LIGHTS- OPT 2 UPGRADE**

Quote#: Q-103709-2



ATTENTION

## Kern Medical Center (h/c PO)

1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018

Sonia Gil  
sonia.gil@kernmedical.com

Hello,

Attached is the quote that you requested. Please make your PO out to Skytron and email to trina@kecklermedical.com or fax to (209) 847-4166. For additional information please contact me at (209) 840-1717. Thank you for your business opportunity.

Mobile: (209) 840-1717

Nick Moore  
nick@kecklermedical.com  
J.M. Keckler Medical Co., Inc.

**QUOTE**

Q-103709-2

**DATE**

08-27-2025

**EXPIRES**

12-25-2025



ATTENTION

## Kern Medical Center (h/c PO)

1700 Mount Vernon Ave.  
Bakersfield, CA 93306-4018KERN MEDICAL CENTER-(6  
RMS) ER LIGHTS- OPT 2  
UPGRADE

QUOTE Q-103709-2

## PRICING SUMMARY

| PRODUCT  | QTY | LIST<br>PRICE<br>UNIT | LIST<br>PRICE<br>EXTENDED | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|--|-----|-----------------------|---------------------------|-------------------------|-----------------------------|
| <b>ER:</b>   |     |                       |                           |                         |                             |
| Lights: Spectra Lights   | 12  | \$ 6,450.00           | \$ 77,400.00              | \$ 3,890.00             | \$ 46,680.00                |
| Skytron One pricing is based on each ER being installed on the same trips as each OR. If additional trips are required, then there would be mobilization fees added to the project.                                  |     |                       |                           |                         |                             |
| ***Courtesy Haul-Away of old equipment included - Equipment must be previously de-installed by hospitals own contractor and ready for pick-up on same trip as installation of each room***                           |     |                       |                           |                         |                             |
| The bundling incentive applies when purchasing all items outlined in Quotes 98828 together with either Quote 100798 or Quote 103709. Additionally, this incentive can be further extended by including Quote 103705. |     |                       |                           |                         |                             |
| Subtotal   |     |                       |                           |                         | \$ 46,680.00                |
| Skytron One: Pricing Presented in Skytron One: Solutions Fees  |     |                       |                           |                         | \$ 17,908.00                |
| Handling & Packaging Fees  |     |                       |                           |                         | \$ 0.00                     |
| Partnership Discount- Bundling   |     |                       |                           |                         | \$ -1,536.00                |
| <b>TOTAL INVESTMENT</b>  |     |                       |                           |                         | <b>\$ 63,052.00</b>         |
| <b>REQUIRED DEPOSIT</b>  |     |                       |                           |                         | <b>\$ 0</b>                 |

## QUOTE (Q-103709) SPECIFIC TERMS AND CONDITIONS

|             |   |
|-------------|---|
| GPO         | HPG – All Contracted Products (3890)  |
| ISSUE PO TO | Skytron, LLC · PO Box 888615, Grand Rapids, MI, 49588 · P: 616-656-2900 · trina@kecklermedical.com or fax to 209-847-4166 |
| REMIT TO    | Skytron, LLC · PO Box 675164, Detroit, MI, 48267-5164   |

QUOTE

Q-103709-2

DATE

08-27-2025

EXPIRES

12-25-2025

## Kern Medical Center-(6 rms) ER Lights- Opt 2 Upgrade

PRICING DETAIL  
LIGHTS: SPECTRA LIGHTS

Reference #: C-153812-3

Ceiling Height (inches): 109

| ITEM           | DESCRIPTION  | QTY      | LIST PRICE  | QUOTED PRICE | QUOTED PRICE |
|----------------|--|----------|-------------|--------------|--------------|
|                |  | EXTENDED | UNIT        | UNIT         | EXTENDED     |
| AUT1C          | Spectra AUT1 LED exam light on ceiling mount                 | 12       | \$ 6,400.00 | \$ 3,840.00  | \$ 46,080.00 |
| B4-241-03-16-5 | VERTICAL SUPPORT TUBE ST9-16.5 AUT1C                         | 12       | Included    | Included     | Included     |
| B4-242-02      | Sterilizable positioning handle for ST9 series, AUT1C Series | 12       | \$ 50.00    | \$ 50.00     | \$ 600.00    |
| TOTAL          |  |          |             |              | \$ 46,680.00 |

QUOTE

Q-103709-2

DATE

08-27-2025

EXPIRES

12-25-2025



QUOTE Q-103709-2

## Kern Medical Center-(6 rms) ER Lights- Opt 2 Upgrade

## PRICING DETAIL

## SKYTRON ONE: PRICING PRESENTED IN SKYTRON ONE: SOLUTIONS FEES

Reference #: C-158972-2

| ITEM          | DESCRIPTION   | QTY<br>EXTENDED |
|---------------|---|-----------------|
| SERV-926-13   | Installation, inspection and warranty certification of exam lighting system, single mount or up to two (2) flush ceiling mounted exam system, model series AUT1, TR-7C,F,W (2). Includes pre-installation walk through, installation and full functional testing of the system. Does not include electrical wiring, structure or wall control unit rough in. Pricing does not include weekend/after hours work. | 12              |
| SERV-927-20   | Project Management  | 17              |
| PRODUCT TOTAL |   | \$ 17,908.00    |

QUOTE

Q-103709-2

DATE

08-27-2025

EXPIRES

12-25-2025

## Kern Medical Center-(6 rms) ER Lights- Opt 2 Upgrade

### PRICING DETAIL SOLUTIONS: Q-103709

| ITEM             | DESCRIPTION  | QTY | LIST<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|------------------|--|-----|-----------------------|-------------------------|-----------------------------|
| PROJECT SCOPE    | As you budget for this project you should include your facilities management team to review the project scope.   | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| INSTALL-LIGHT    | <p>*Installation quoted to take place in (6) separate trips at the same time as the OR's. If additional trips are required, there will be additional mobilization fees.</p> <p>Installation pricing is an estimate only until site survey is conducted to determine if any additional site preparation is required for proper installation of equipment.</p> <p>Installation price is on facility provided mount and electrical. Includes installation of wall control to facility installed back box. All electrical connections and final ties must be made by a qualified electrician.</p> <p>Quoted prices are based on installation being performed during normal business hours Monday thru Friday, 8:00 am to 5:00 pm and to be performed within one year from receipt of purchase order. Installation beyond normal hours and time frame must be negotiated and a purchase order issued. Should the delivery and installation team arrive at the requested date and time specified by the facility/contractor and the facility is not ready a purchase order for additional costs will be required before installation actually begins. Any installation with a duration of more than 30 days will have progress billings &amp; payments. A schedule of values with milestones will be submitted at the early stages of project development.</p> | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| DEINSTALL        | Deinstallation of existing equipment to be performed by hospital's own facilities team or contractor. If you would like Keckler to perform deinstallation, additional fee will apply.  | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| PROJECT MGMT FEE | Initiating, planning, executing, controlling, and closing the work to achieve the specific goals and criteria to assure a successful outcome.  | 1   | \$0.00                | \$0.00                  | \$0.00                      |

QUOTE

Q-103709-2

DATE

08-27-2025

EXPIRES

12-25-2025

| ITEM    | DESCRIPTION  | QTY | LIST<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>UNIT | QUOTED<br>PRICE<br>EXTENDED |
|---------|--|-----|-----------------------|-------------------------|-----------------------------|
| STORAGE | Customer will receive the product at their facility and store until ready for installation. If storage and staging is requested of J.M. Keckler Medical then please contact your sales representative for pricing and terms. | 1   | \$0.00                | \$0.00                  | \$0.00                      |
| TOTAL   |  |     |                       |                         | \$0.00                      |

QUOTE

Q-103709-2

DATE

08-27-2025

EXPIRES

12-25-2025

## TERMS AND CONDITIONS

**CHANGE ORDER FEE:** Change order fees, equal to five percent (5%) of order total, apply if order changes occur within 60 days prior to shipment.

**CANCELLATION FEE:** Eight percent (8%) cancellation fee will be invoiced or deposit will be forfeited on cancelled items of an equipment order.

**DRAWING CHANGE FEE:** \$200.00 Drawing Revision Charge will be invoiced after 2nd submittal revision, and after 1st fabrication revision. \$750.00 Fabrication Revision Charge will be invoiced if revision is within 45 days of shipping.

**MINIMUM ORDER FEE:** Orders with a product total less than \$25.00 are subject to a \$20 non-refundable minimum order fee added to the invoice.

### **RE-STOCKING FEE:**

- Equipment - 20% re-stocking fee will apply to all returns for credit of new equipment not yet installed, within 180 days of shipment. Refurbishment charges, if any, are calculated upon inspection of goods when received. All returns to be authorized by Skytron in advance.
- Parts - \$50.00 re-stocking fee for inspection/testing, and up to five percent (5%) of item cost for repair/refurbishing charge (not to exceed \$2,500 per item). Non-warranty part returns with a List Price less than \$100.00 per item are not accepted.
- Re-Stocking policy does not supersede Skytron's North American Warranty policy, Demo policy, or Table Pad Return policy.

**WORKING HOURS:** All service and installation pricing is based on normal working hours: 8AM to 5PM, Monday thru Friday, excluding holidays.

**UNION LABOR:** Facilities requiring the use of union labor must be identified as such for quoting purposes.

**SEISMIC REQUIREMENTS:** Please notify Skytron's Service Manager for installations having specific seismic requirements. Skytron is not responsible for any x-raying of the floor, structural ceiling through bolting, and associated fasteners.

**SERVICE CONTRACTS:** A signed service contract is required for service programs included in this quote, if applicable. A preliminary evaluation of product may be required for product that has been in use for some time.

**SCHEDULING AND TRADE-IN EQUIPMENT:** Contact Skytron's Service Manager a minimum of 15 working days prior to desired installation date. Large and intensive projects requiring multiple phases require a minimum 60-day notice before installation commences. Notice is required for installation where trade-in equipment will be present. If required, for a fee, Skytron can disconnect and remove existing equipment.

**ELECTRICAL CONNECTIONS, FINAL TIE-INS AND FINISHES:** All final tie-ins of electrical connections, plumbing and media must be made by a qualified and licensed individual. Skytron does not provide final tie-in services due to local licensing regulations. Finish work (e.g. caulking and trim) is the responsibility of others. Installation of standard product moldings or trim is included in the pricing provided.

### **MISCELLANEOUS:**

- Unless otherwise noted, Skytron reserves the right to make product improvements, discontinue products or change prices without notice.
- Unless otherwise noted, quoted amounts do not include freight costs and applicable taxes. Freight and tax rates in effect at time of shipment will be applied.
- For products combining lights and equipment pendants, include installation pricing for both individual units.
- Buyer expressly agrees that no terms and conditions shall supersede those in this quote without express, written consent of Skytron.
- Pricing is subject to a potential surcharge due to tariff changes.

**UV DISINFECTION, IF APPLICABLE:** In order to maintain warranty on UV Disinfection products (IPT UV-C), a service contract must be purchased from Skytron, and service work performed by a Skytron Service Technician. Failure to comply with the terms of the service contract may void warranty. Service contract terms and conditions are available upon request.

**QUOTE**

Q-103709-2

**DATE**

08-27-2025

**EXPIRES**

12-25-2025



## TERMS AND CONDITIONS CONTINUED HEALTHTRUST PURCHASING GROUP (HPG)

### PAYMENT TERMS

Net forty-five (45) days after date of invoice, subject to credit approval.

Shipping and taxes are not included in this quote unless itemized above. All products are invoiced upon shipment.

### WARRANTY

2 - years parts and labor on Lights, Booms, Tables, and Integration.

1 - year parts and labor on UV and non-contracted products.

90 - days on replacement parts, supplies, and accessory items.

3 - years on Optik View displays.

15 - years on sterilizer pressure vessel (steam chamber and jacket).

*\*In order for any warranty to be valid, preventive maintenance must be performed by a Skytron trained and authorized technician in accordance with the specifications outlined in the product manuals. If the products are not maintained according to manufacturer's guidelines, or if documentation of such maintenance cannot be provided upon request, any warranty claims may be denied. Additionally, warranty claims may be denied if the product shows signs of abuse or misuse.*

### FREIGHT TERMS

F.O.B. destination, freight prepaid and added. Handling waived.

### DELIVERY

120 days after receipt of order, signed drawings and deposit, if applicable.

180 days after receipt of order for Architectural Walls, Doors and Ceiling Systems.

### DEPOSIT

25% deposit required for Booms upon order acceptance.

50% deposit required for Integration, Ceiling Systems and custom products upon order acceptance.

### CONTRACT NUMBER

HPG-4659 (Lights, Booms); HPG-52425 (Tables and Accessories);

HPG-75778 (Integration); HPG-60722 (UV)

*I acknowledge that I have reviewed and accept the content of this quote in its entirety.*

Signature

Printed Name

Date

Title

Customer Purchase Order Number

Billing Address

Delivery Address

APPROVED AS TO FORM:

Legal Services Department

By Phillip Jenkins

Kern County Hospital Authority

QUOTE

Q-103709-2

DATE

08-27-2025

EXPIRES

12-25-2025



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

January 21, 2026

**Subject:** Proposed Amendment No. 2 to the Master Software and Services Agreement (025-2023) with Solventum Health Information Systems, Inc, formerly known as 3M Health Information Systems Inc., for the annual purchase of coding software

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

**Summary:**

Kern Medical requests your Board approve the proposed Amendment 2, to the Master Software and Services Agreement with Solventum Health information Systems, Inc. to purchase coding software that will implement autonomous coding for both facility and professional service coding utilizing artificial intelligence (AI) to assist in the automation of coding and billing for reimbursement purposes.

Kern Medical processes approximately 700,000 billing and coding encounters per year for all provided services. Successful implementation of the autonomous coding software will decrease the turnaround time for coding and billing significantly. The sooner claims are coded and billed, the quicker reimbursement is realized.

Therefore, it is recommended that your Board approve the proposed Amendment No. 2 to the Master Software and Services Agreement with Solventum Health Information Systems, Inc., to increase the maximum payable by \$1,009,611 to cover the additional software for the remainder of the term (August 28, 2023 through August 27, 2028), increasing the total not to exceed amount from \$3,710,236, to \$4,719,847, and authorize the Chairman to sign.

## AMENDMENT 2 TO THE MASTER SOFTWARE AND SERVICES AGREEMENT

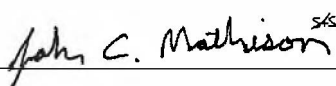
THIS AMENDMENT to the **Master Software and Services Agreement**, dated **March 15, 2023** (the "Agreement") between **Solventum Health Information Systems, Inc.** ("Solventum") having an office at 575 West Murray Boulevard, Murray, Utah 84123-4611 and **Kern County Hospital Authority** ("Client") with offices at **1700 Mount Vernon Avenue, Bakersfield, CA 93306** is effective on the date last signed ("Effective Date").

Client and Solventum agree that the above referenced Agreement is amended as follows:

1. **Except as provided in this Amendment, all terms and conditions of the above referenced Agreement will remain in full force and effect.**
2. **Name Change.** 3M Health Information Systems, Inc. is now known as Solventum Health Information Systems, Inc. with offices at the same location and with the same Federal Tax ID number and payment remittance information. All references in the Agreement to "3M" shall mean and refer to Solventum Health Information Systems, Inc. Client will continue to see rebranding activities until all such 3M Products have been rebranded.
3. **AMEND Schedule 1-1, the Annuity Products Fee Schedule, with the actions contained in the Schedule below.**

Client has read this Amendment, and when applicable, each Exhibit, and Attachment hereto. To indicate the parties' acceptance and agreement to be bound by the terms and conditions of this Amendment, Solventum and Client have executed this Amendment on the date(s) indicated below, to be effective as of the date first indicated above.

**KERN COUNTY HOSPITAL AUTHORITY**
**SOLVENTUM HEALTH INFORMATION SYSTEMS, INC.**

|   |   |
|---|---|
| BY:<br><br>NAME: Phil McLaughlin<br>TITLE: Chairman, Board of Governors<br>DATE: January 21, 2026 | BY: <br>NAME: John C. Mathison<br>TITLE: HIS Operations<br>DATE: December 3, 2025 |
|---|---|

PLEASE EMAIL YOUR PURCHASE ORDER IN THE AMOUNT OF **\$853,649.67** AND THE SIGNED AMENDMENT TO:  
**HISCONTRACTSUBMISSION@SOLVENTUM.COM**

| ISSUE DATE / BY:                | GPO:       | BATCH NUMBER: | CLIENT SITE ID: | AGREEMENT NUMBER: | CLIENTEMR:          |
|---------------------------------|------------|---------------|-----------------|-------------------|---------------------|
| 11/18/2025 MB                   |            | Q56488        | 2930294         | O39391-23         | Cerner - Millennium |
| REVISED DATE / BY:              | VERSION:   |               |                 |                   |                     |
| 11/21/2025 MB<br>12/02/2025 CAR | MSSA       |               |                 |                   |                     |
|                                 | CMR No:    |               |                 |                   |                     |
|                                 | 05621558r2 |               |                 |                   |                     |

APPROVED AS TO FORM:  
Legal Services Department

By: Shannon Hochstein  
Kern County Hospital Authority

**PROPRIETARY SOLVENTUM CONFIDENTIAL TRADE SECRET, COMMERCIAL OR FINANCIAL INFORMATION.**  
Do not release or disclose any information in this document under any Open Records Act, Freedom of Information Act, or equivalent law.  
Release or disclosure is prohibited without Solventum consent. Immediately report any request to Solventum.

## SCHEDULE 1-1

### ANNUITY PRODUCTS FEE SCHEDULE

THE ITEMS LISTED HEREUNDER SHALL BE GOVERNED BY THE TERMS AND CONDITIONS OF THE AGREEMENT AND APPENDIX 1.

1. Itemized Schedule of Solventum Products below:

| S/O<br>ITEM | CPU<br>ACTION | SKU                  | AUTHORIZED SITE<br>PRODUCT DESCRIPTION  | SITE TYPE<br>LIST PRICE | TOTAL 1 <sup>ST</sup> YR<br>ANNUAL &<br>ONE TIME FEE | 2 <sup>ND</sup> YR<br>ANNUAL | 3 <sup>RD</sup> YR<br>ANNUAL | 4 <sup>TH</sup> YR<br>ANNUAL | 5 <sup>TH</sup> YR<br>ANNUAL |
|-------------|---------------|----------------------|---|-------------------------|--|------------------------------|------------------------------|------------------------------|------------------------------|
| --          | Web           | ----                 | KERN MEDICAL CENTER--1700 MT. VERNON AVE, BAKERSFIELD, CA<br>6007598                | Install/Access<br>Site  |  |                              |                              |                              |                              |
| 1.          | Delete        | 360E PROFEE          | 360 Encompass System - Professional Facility  |                         |  |                              |                              |                              |                              |
| 2.          | Delete        | 360E PROFEE CLINIC   | 360 Encompass Professional Clinic   |                         |  |                              |                              |                              |                              |
| 3.          | Exchange      | 360E PROFEE          | 360 Encompass System Professional - On-Campus                                       |                         | \$39,484.29  | \$41,458.50                  | \$43,531.43                  | \$45,708.00                  | \$47,993.40                  |
| 4.          | Exchange      | 360E PROFEE CLINIC   | 360 Encompass System Professional - Off-Campus <sup>1,2</sup>                       |                         | \$116,476.99   | \$122,300.84                 | \$128,415.88                 | \$134,836.68                 | \$141,578.51                 |
|             |               |                      | <b>SITE SUBTOTAL:</b>   |                         | <b>\$155,961.28</b>                                  | <b>\$163,759.34</b>          | <b>\$171,947.31</b>          | <b>\$180,544.68</b>          | <b>\$189,571.91</b>          |
| 5.          | Add           | 360E OP AUTONOMO     | 360 Encompass System Outpatient - Autonomous Coding                                 | \$0.00                  | \$0.00   | \$3,311.24                   | \$3,476.80                   | \$3,650.64                   | \$3,833.17                   |
| 6.          | Add           | 360E OP AUTO D-CAD   | 360 Encompass System Outpatient - Autonomous Coding - Diagnostic<br>Cardiology      | \$4,505.08              | \$3,153.56   | \$57,645.70                  | \$60,527.99                  | \$63,554.39                  | \$66,732.11                  |
| 7.          | Add           | 360E OP AUTO D-RAD   | 360 Encompass System Outpatient - Autonomous Coding - Diagnostic<br>Radiology       | \$78,429.53             | \$54,900.67  | \$66,253.16                  | \$69,565.82                  | \$73,044.11                  | \$76,696.32                  |
| 8.          | Add           | 360E OP AUTO ED      | 360 Encompass System Outpatient - Autonomous Coding - Emergency<br>Department       | \$90,140.36             | \$63,098.25  | \$34,449.83                  | \$36,172.32                  | \$37,980.94                  | \$39,879.98                  |
| 9.          | Add           | 360E OP AUTO PATH    | 360 Encompass System Outpatient - Autonomous Coding - Labs/Pathology                | \$46,870.52             | \$32,809.36  | \$10,917.69                  | \$11,463.57                  | \$12,036.75                  | \$12,638.59                  |
| 10.         | Add           | 360E OP AUTO SRG     | 360 Encompass System Outpatient - Autonomous Coding - Surgical                      | \$14,854.00             | \$10,397.80  | \$18,422.25                  | \$19,343.36                  | \$20,310.53                  | \$21,326.06                  |
| 11.         | Add           | AUTO OB INTFC        | Autonomous Outbound Charge Interface  | \$17,545.00             | \$17,545.00  | \$52,246.06                  | \$54,858.36                  | \$57,601.28                  | \$60,481.34                  |
| 12.         | Add           | 360E OP AUTONOMO I&T | 360 Encompass System Outpatient Autonomous Coding I&T*                              | \$58,539.00             | \$49,758.15  | \$16,766.51                  | \$17,604.83                  | \$18,485.07                  | \$19,409.33                  |
| 13.         | Add           | 360E OP AT D-CAD I&T | 360 Encompass System Outpatient - Autonomous Coding - Diagnostic<br>Cardiology I&T* | \$18,786.00             | \$15,968.10  | \$16,766.51                  | \$17,604.83                  | \$18,485.07                  | \$19,409.33                  |
| 14.         | Add           | 360E OP AT D-RAD I&T | 360 Encompass System Outpatient - Autonomous Coding - Diagnostic<br>Radiology I&T*  | \$18,786.00             | \$15,968.10  | \$16,766.51                  | \$17,604.83                  | \$18,485.07                  | \$19,409.33                  |
| 15.         | Add           | 360E OP AT ED I&T    | 360 Encompass System Outpatient - Autonomous Coding - Emergency<br>Department I&T*  | \$18,786.00             | \$15,968.10  | \$16,766.51                  | \$17,604.83                  | \$18,485.07                  | \$19,409.33                  |
| 16.         | Add           | 360E OP AT PATH I&T  | 360 Encompass System Outpatient - Autonomous Coding - Labs/Pathology<br>I&T*        | \$18,786.00             | \$15,968.10  | \$16,766.51                  | \$17,604.83                  | \$18,485.07                  | \$19,409.33                  |

|                |     |                      |   |              |              |              |              |                |                |
|----------------|-----|----------------------|---|--------------|--------------|--------------|--------------|----------------|----------------|
| 17.            | Add | 360E OP AT SRG I&T   | 360 Encompass System Outpatient - Autonomous Coding - Surgical I&T*                     | \$18,786.00  | \$15,968.10  | \$0.00       | \$0.00       | \$0.00         | \$0.00         |
| 18.            | Add | 360E PRO AUTONOM     | 360 Encompass System Professional - Autonomous Coding - On-Campus                       | \$0.00       | \$0.00       | \$3,311.24   | \$3,476.80   | \$3,650.64     | \$3,833.17     |
| 19.            | Add | 360E PRO AUTO D-CARD | 360 Encompass System Professional - Autonomous Coding - Diagnostic Cardiology           | \$4,505.08   | \$3,153.56   | \$57,645.70  | \$60,527.99  | \$63,554.39    | \$66,732.11    |
| 20.            | Add | 360E PRO AUTO D-RAD  | 360 Encompass System Professional - Autonomous Coding - Diagnostic Radiology            | \$78,429.53  | \$54,900.67  | \$214,783.91 | \$225,523.10 | \$236,799.26   | \$248,639.22   |
| 21.            | Add | 360E PRO AUTO E&M    | 360 Encompass System Professional - Autonomous Coding - Evaluation & Management - Other | \$292,223.00 | \$204,556.10 | \$66,253.16  | \$69,565.82  | \$73,044.11    | \$76,696.32    |
| 22.            | Add | 360E PRO AUTO EM     | 360 Encompass System Professional - Autonomous Coding - Emergency Medicine              | \$90,140.36  | \$63,098.25  | \$10,917.69  | \$11,463.57  | \$12,036.75    | \$12,638.59    |
| 23.            | Add | 360E PRO AUTO SRG    | 360 Encompass System Professional - Autonomous Coding - Surgical                        | \$14,854.00  | \$10,397.80  | \$43,268.40  | \$45,431.82  | \$47,703.41    | \$50,088.58    |
| 24.            | Add | 360E PRO AT D-CA I&T | 360 Encompass System Professional - Autonomous Coding - Diagnostic Cardiology I&T*      | \$48,480.00  | \$41,208.00  | \$43,268.40  | \$45,431.82  | \$47,703.41    | \$50,088.58    |
| 25.            | Add | 360E PRO AT D-RA I&T | 360 Encompass System Professional - Autonomous Coding - Diagnostic Radiology I&T*       | \$48,480.00  | \$41,208.00  | \$43,268.40  | \$45,431.82  | \$47,703.41    | \$50,088.58    |
| 26.            | Add | 360E PRO AT E&M I&T  | 360 Encompass System Professional - Evaluation & Management - Other I&T*                | \$48,480.00  | \$41,208.00  | \$43,268.40  | \$45,431.82  | \$47,703.41    | \$50,088.58    |
| 27.            | Add | 360E PRO AT EM I&T   | 360 Encompass System Professional - Autonomous Coding - Emergency Medicine I&T*         | \$48,480.00  | \$41,208.00  | \$43,268.40  | \$45,431.82  | \$47,703.41    | \$50,088.58    |
| 28.            | Add | 360E PRO AT SRG I&T  | 360 Encompass System Professional - Autonomous Coding - Surgical I&T*                   | \$48,480.00  | \$41,208.00  | \$43,268.40  | \$45,431.82  | \$47,703.41    | \$50,088.58    |
| SITE SUBTOTAL: |     |                      |   |              | \$853,649.67 | \$939,600.58 | \$986,580.57 | \$1,035,909.60 | \$1,087,705.11 |

## FEE SUMMARY:

|   |                       |
|---|-----------------------|
| EXCHANGED ANNUAL SOFTWARE LICENSE & SUPPORT FEES: | \$155,961.28          |
| ADD-ON ANNUAL SOFTWARE LICENSE & SUPPORT FEES:    | \$518,011.02          |
| *TOTAL ONE TIME, IMPLEMENTATION & TRAINING FEES:  | \$335,638.65          |
| <b>TOTAL THIS SCHEDULE:</b>                       | <b>\$1,009,610.95</b> |

The fees stated above are guaranteed for a period of sixty (60) days from the Issue Date of this Schedule or December 31, 2025, whichever occurs first, unless this Schedule is fully executed prior to such date. Client acknowledges and agrees the fees shown above include discounts for Client's commitment to a term. Solventum reserves the right to rescind the multi-year discount and re-price the Solventum Product(s) on this Schedule in the event Client elects a term less than stated above.

In the event Client delays implementation of any module of Software or scheduling of Services, at no fault of Solventum, for more than one hundred fifty (150) days from the execution date of being added to this Schedule, Solventum may, at its option, increase the price of such Solventum Product(s) to the then-current list price or Solventum may terminate any such Solventum Product(s) from this Schedule.

I&T = Implementation and Training PI = Phone Installed CI = Client Installed

<sup>1</sup> The 360 Encompass System - Professional - Off-Campus license includes an annual 360 Encompass Professional - Business Process Advisory Services (BPAS) Follow Up.

<sup>2</sup> The above pricing for the 360 Encompass Professional – Off-Campus license is based off 414 providers. Additional Providers must be added via an amendment. Solventum reserves the right to audit the number of providers being processed through the system.

2. The Delete and Exchange of 360 Encompass System Professional - On-Campus, and 360 Encompass System Professional - Off-Campus above, will be effective on the Annual Billing Cycle beginning on August 27, 2027.

3. If Client goes live on all 360 Encompass System Professional - Autonomous Coding licenses before August 27, 2026, Solventum and Client agree to mutually execute an Amendment changing the date and fees of the Exchanged licenses above to match the table below.

| SKU                | AUTHORIZED SITE<br>PRODUCT DESCRIPTION                            | AUGUST 27, 2026 –<br>AUGUST 26, 2027,<br>ANNUAL FEES |
|--------------------|---|--|
| -----              | KERN MEDICAL CENTER--1700 MT. VERNON AVE, BAKERSFIELD, CA 6007598 |  |
| 360E PROFEE        | 360 Encompass System Professional - On-Campus                     | \$37,604.09  |
| 360E PROFEE CLINIC | 360 Encompass System Professional - Off-Campus                    | \$110,930.46   |

4. If Client terminates any of the above 360 Encompass System Professional - Autonomous Coding licenses after August 27, 2027, Solventum and Client agree the following SKUs will be increased as set forth in the table below; 360E PROFEE, and 360E PROFEE CLINIC:

| SKU                | AUTHORIZED SITE<br>PRODUCT DESCRIPTION                            | AUGUST 27, 2027 –<br>AUGUST 26, 2028,<br>ANNUAL FEES |
|--------------------|---|--|
| -----              | KERN MEDICAL CENTER--1700 MT. VERNON AVE, BAKERSFIELD, CA 6007598 |  |
| 360E PROFEE        | 360 Encompass System Professional - On-Campus                     | \$78,968.58  |
| 360E PROFEE CLINIC | 360 Encompass System Professional - Off-Campus                    | \$232,953.97   |

5. **360 Encompass CAC base requirement.** Solventum 360 Encompass Autonomous Coding requires a current license for 360 Encompass CAC Outpatient.
6. **Offshore Notice.** Notwithstanding any restriction or limitation in the Business Associate Agreement or the Agreement, Client acknowledges that as part of the workflow process for this Solventum Product, Client Data may be Viewed by Solventum Personnel from secure locations outside the United States ("Offshore"). All restrictions and protections that apply to Client Data within the United States shall apply to the Client Data Viewed Offshore. For this Offshore Notice, "Viewed" means to access Client Data with limited read-only rights for the purposes of quality assurance for engine training and Support Services functions. No uploading, downloading, copying, editing, printing, or storage of Client Data is permitted Offshore.
7. **Responsibility.** Client represents it has reviewed, understands, and will comply with all responsibilities of the Client contained in the SOW, attached as Attachment 1. In accordance with the mutually agreed upon timeline, Client is responsible for the following: (i) establishing Client-approved coding practices, and working with Solventum to implement Client coding practices by providing the information needed to define Client's coding practices and coding behaviors for AI models; (ii) creating any desired Client-specific exception criteria within the Autonomous Coding System; (iii) establishing Client's rules around the visit volumes to be human-reviewed vs. fully-automated; (iv) meeting Client's automation profile and establishing Client's QA thresholds; and (v) providing any concerns to Solventum that do not meet the Client's automation requirements based on QA review.

The accuracy and completeness of the results/output is dependent on the quality/accuracy of Client Data submitted, and the rules, exceptions, and coding guidelines agreed to, or set, by Client. Therefore, Client is ultimately responsible for all claims submitted using the Solventum Products. To confirm accuracy and completeness of the results/output, Client shall regularly audit the results/output and evaluate whether changes to the rules and exceptions are necessary. Client agrees to promptly, but in no event more than fifteen (15) business days, notify Solventum of any changes to the rules, exceptions, and coding guidelines.

Client acknowledges that billing rules, codes, and modifiers are susceptible to change from time-to-time and may differ from payer-to-payer, and while Solventum will work to regularly update the Solventum Products in an attempt to allow them to accommodate most common billing and coding needs, Solventum makes no warranty or representation that the Solventum Products will allow Client to bill or code for every situation, and Solventum is not liable for any incorrect coding or billing that may result.

5. **Volume of Charts Configured.** The graph below details the volume of charts sent by Client through the 360 Encompass Autonomous Coding product by each services line/SKU that are included in Client's license. If the number of annual charts increases by ten percent (10%) or more during Client's then-current term, Solventum will invoice the additional fees at Solventum's list price less applicable discounts.

| SKU / Description   | Annual Aggregate Chart<br>Volume included in<br>Licensed SKU(s) |
|---|---|
| 360E OP AUTO D-RAD -- 360 Encompass System Outpatient - Autonomous Coding - Diagnostic Radiology  | 117,059   |
| 360E OP AUTO D-CAD -- 360 Encompass System Outpatient - Autonomous Coding - Diagnostic Cardiology | 6,724   |
| 360E OP AUTO PATH -- 360 Encompass System Outpatient - Autonomous Coding - Labs/Pathology         | 69,956  |
| 360E OP AUTO SRG -- 360 Encompass System Outpatient - Autonomous Coding - Surgical                | 7,427   |
| 360E OP AUTO ED -- 360 Encompass System Outpatient - Autonomous Coding - Emergency Department     | 47,947  |

|   |         |
|---|---------|
| 360E PRO AUTO D-CARD -- 360 Encompass System Professional - Autonomous Coding - Diagnostic Cardiology | 6,724   |
| 360E PRO AUTO D-RAD -- 360 Encompass System Professional - Autonomous Coding - Diagnostic Radiology   | 117,059 |
| 360E PRO AUTO EM -- 360 Encompass System Professional - Autonomous Coding - Emergency Medicine        | 47,947  |
| 360E PRO AUTO SRG -- 360 Encompass System Professional - Autonomous Coding - Surgical                 | 7,427   |
| 360E PRO AUTO E&M -- 360 Encompass System Professional - Autonomous Coding -- Evaluation & Management | 292,223 |

6. **The Software and Services** for the **360E Autonomous Coding** that Go-Live under this are to be provided to Client by Solventum in accordance with the terms and conditions of the Agreement, the attached Statement of Work, and the additional terms and conditions set forth below:

A. **Payment Schedule.**

- i. **Implementation and Training.** The first year's Implementation and Training fees shall be invoiced as follows:

| Milestone            | Description          | Invoice Code |
|----------------------|----------------------|--------------|
| 100% upon Acceptance | Bill upon Acceptance | ACCEPTANCE   |

- ii. **Software.** 100% of the first year's software fees shall be invoiced upon **Acceptance**.
- iii. **Acceptance.** For the purpose of this Software Schedule, "Acceptance" means a period of forty-five (45) days from the Go-Live Date ("Acceptance Period") which Client shall use and ensure the Software is performing in accordance the Acceptance KPI, below. If the Software fails to perform in accordance with the Acceptance KPI, Client shall promptly submit, in writing, to Solventum, the details for the Software nonconformance to the Acceptance KPI. Solventum shall promptly investigate. If the failure to meet the Acceptance KPI is confirmed a problem with the Solventum Software, Solventum shall provide Client with a fix for the Software. Upon implementation of such fix, Client shall have an additional fifteen (15) days to use and ensure the Software is performing in accordance with the Acceptance KPI. In the event the Acceptance Period expires without notification from Client, Client's silence shall be deemed Client's Acceptance of the Software.
- iv. **Acceptance Key Performance Indicator (KPI).** For each licensed specialty, Solventum commits itself to deliver a model capable of producing at least 40% Qualified Encounters from the total volume of charts configured for automation by Client go-live for such specialty. A "Qualified Encounter" is one that is coded by the Solventum 360 Encompass Autonomous Coding Product and is designated as confident for the purpose of automation, as reported by the applicable Solventum analytics dashboard, and is ready to send to the billing system without coder review. Qualified Encounters that are filtered out as "exceptions" in the validation service, including "QA Review", will be counted towards the 40% KPI, above. If the total Qualified Encounters do not equal at least 40%, then Client may submit a nonconformance notification to Solventum as set forth in Section 3, above.

Future Authorized Sites and/or licensed specialties will not be subject to an Acceptance Period.

7. ADD Attachment 1, Solventum 360 Encompass Autonomous Coding System Statement of Work, attached below.

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**PROPRIETARY SOLVENTUM CONFIDENTIAL TRADE SECRET, COMMERCIAL OR FINANCIAL INFORMATION.**

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Do not release or disclose any information in this document under any Open Records Act, Freedom of Information Act, or equivalent law. Release or disclosure is prohibited without Solventum consent. Immediately report any request to Solventum

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## ATTACHMENT 1

### SOLVENTUM™ 360 ENCOMPASS™ AUTONOMOUS CODING SYSTEM STATEMENT OF WORK

This document covers the scope of services that will be provided by Solventum resources to the Client for the 360 Encompass Autonomous Coding as an add-on to an existing license for Solventum™ 360 Encompass™ System - Outpatient Facility and/or Solventum™ 360 Encompass™ System - Professional. This SOW doesn't cover any of the requirements for the initial Solventum™ 360 Encompass™ System installation. This document is organized into a general description of work applicable to either Outpatient (OP) or Professional Autonomous coding, and where needed, a section specific to Outpatient or Professional. This document will also cover expectations for Client resources as well as project milestones and dependencies.

Autonomous Coding is designed to provide a complete autonomous and semiautonomous workflow for qualified Outpatient facility or Professional visits. Qualified visits will be designated as final coded ready or flagged for a coder to review and QA. Visits that do not meet automation criteria will be expedited by a semiautonomous workflow allowing coders to focus their time where needed most. Quality controls will provide the ability to monitor and review automation results to help ensure compliance as well as provide data to adjust the coding and autonomous results. Data elements related to the automation results will be stored for tracking and reporting purposes.

#### Single Path Exclusion

Currently, Single Path workflow is excluded from the new autonomous coding workflows and is currently not supported. Solventum may roll out support for the Single Path workflow in a future release of autonomous coding to be determined, if Single Path is licensed by Client. If an autonomous specialty is contracted, and is part of Single Path, that workflow would require implementation changes so that the facility and professional coding could go through the autonomous coding workflows separately.

#### Client Hardware and Support Assumptions

Autonomous Coding operates using the Client's existing hardware, server and network configuration supporting 360 Encompass. Solventum will assess the Client's existing hardware to ensure it meets configuration requirements for storage, memory, and processing speed as a pre-implementation step. Unless the Client is on 360 Encompass in the Cloud, the Client will continue to maintain the existing on-premise 360 Encompass system as they do today.

#### Implementation Engagement Process

Autonomous Coding implementation is performed through a phased continuous delivery model, with feature updates deployed using a combination of cloud and on-premise software where needed. The Client must be on the current 360 Encompass release to participate. Separate test and production environments will be maintained by the Client with new features introduced into the test environment first, followed by deployment to production environments in a timely fashion once validated.

While the implementation consists of several successive phases that build on each other, there are two overarching tracks. There's a preparatory work track needed to put in all the necessary infrastructure/interfaces along with a track to model the autonomous coding autosuggestion and encounter automation qualification. During the preparatory work, coders will continue to work their cases as they do today while the infrastructure/interfaces is setup and validated.

Solventum will provide a cross-functional team to complete the deployment and initial setup of Autonomous Coding. Solventum's team will coordinate closely with Client resources during the initial Client information gathering, setup, modeling, auditing, training, and deployment process. Solventum will train Client resources with the necessary knowledge to use and maintain the product. Solventum resources will keep track of the overall project status and closely coordinate each of the following phased activities with the Client outlined in this Statement of Work.

#### Deployment Timeline

Each enterprise is likely to have unique characteristics that will need to be discovered and accounted for to produce a timeline. However, generally upon completion of the Client contracting and preference discovery, the historical data assessment and building and tuning of the base autonomous coding model (modeling process) can proceed. During model creation, activities on specific prerequisites can be worked on in parallel pertaining to the base setup installation. A key dependency will be the EHR integration which may influence the timing of the final Deployment.

#### Planning and Assessment

In the Planning and Assessment phase, the Solventum team will work with the Client to understand coding guidelines or other preferences needed to configure the system. These Client coding preferences are based on the contracted coding specialties. The Solventum team will guide the Client through the collection of information required. As needed, the Solventum team will also work with the Client to update the document scoping for configuration and processing of the encounter. During the implementation this information will be used to create a technical configuration to integrate the model(s). Historical data will be extracted from Solventum AWS Cloud repository to build model(s) for the contracted coding specialties, or for new customers, Client will provide historical data to Solventum as set forth in Model Data Requirements. A representative sample of data is required (typically about 12 months of encounters with final codes).

Upon receipt of the Historical Data, Solventum will assess the quality and correctness of the Historical Data (the "Assessment"). Client agrees to reasonably cooperate with Solventum and without unreasonable delay, but in no event more than fifteen (15) business days, agrees to correct any documentation or Client Data errors the Assessment may reveal and use best efforts to maintain Client Data quality during the License Term for the 360 Encompass System Autonomous Coding system.

Unless otherwise specified in the contract, completion of the building and tuning of the base autonomous coding model included within Planning and System Build/Configuration phases should proceed without unreasonable delay with a target period being no more than four (4) months from project kick-off. This timing is based on the automation model onboarding and does not necessarily reflect time to fully integrate end-to-end with the client Electronic Health Record vendor.

### Model Data Requirements

The Client will be required to provide certain coding guidelines or preferences for creating the model. A Solventum representative will help orient, and as needed, guide the Client through the collection process of the required information.

To create an Enterprise specific model for automation the following data is required:

- For existing customers that have been live for more than 365 days on 360 Encompass Professional or 360 Encompass Facility, as applicable, Solventum will collect a historical extract from Client's 360 Encompass instance of no less than 12 months of historical Client Data and final codes for model creation.
- For net new customers, Client will provide a historical extract that meets Solventum specifications within thirty (30) days of Solventum's request.
- Final codes are required for historical encounters
- 3-5 Additional test suites of 500-1000 encounters each will be submitted later with no final codes.
- These test suites will be processed and evaluated for model validation and refinement

### EHR Integration

Autonomous Coding requires integration with Third-party EMRs or abstractors to interface additional encounter documentation. The initial implementation phases will use the Client's existing Third-party EMR or abstractor interactive interface or existing Solventum HIM Coding Worklists with 360 Encompass to launch and send final codes, however, the final phases will require additional integration to fully support the coding automation and QA Fraction workflow. Professional will use existing Billing interface to return final codes.

For Facility automation, physician orders and CPT charge codes are required as inputs to 360 Encompass based on the coding specialties contracted. In addition, an HL7 final code outbound interface is needed to return automated qualified visit results that meet criteria as final coded and ready for the next step in the Client's billing process. Early engagement with the Client's IT staff and the EHR interface group is required. This engagement will be facilitated by the Solventum team. For more details on both Facility and Professional integration, please note the "System Build and Configuration".

### System Build and Configuration

In the System build phase, the Client will work with the Solventum project team to implement several prerequisite features required to support the automation workflow and processing on Solventum's platform. Prior to Production use, the system will be configured in a Test environment as well as be configured for Shadow Mode. Shadow Mode will enable visits to be run behind the scenes to assess the readiness of the model for Client processing. This mode does not impact any current Client Production coding in 360 Encompass as the new automation models are being assessed. Initially, the system will be configured for shadow mode processing using a base model.

| System Build and Configuration Description   | Responsibility<br>Solventum   Client | Outpatient<br>Professional |
|--|--------------------------------------|----------------------------|
| 1. Install Connexion remote integrator and configure 360 Encompass ADT, Document and MFN interfaces into Catalyst  | Solv                                 | OP   PRO                   |
| 2. Extract existing 360 Encompass Providers and send to Connexion as MFN to populate historical data (An assessment of MFN and Provider data will be performed ) | Solv                                 | OP   PRO                   |
| 3. Confirm facilities to be enabled for Autonomous coding  | Solv   Client                        | OP   PRO                   |

|   |               |          |
|---|---------------|----------|
| 4. Configure Catalyst Tenant Configuration Settings   | Solv          | OP   PRO |
| 5. Complete coding questionnaire to train model based on contracted coding specialties  | Client        | OP   PRO |
| 6. Review and update Document scoping to support configuration and processing contracted specialties.   | Solv   Client | OP   PRO |
| 7. Enable Bidirectional Messaging Pipeline (BMP) Data pipeline to deploy specific 360E LvLook up tables to Catalyst   | Solv          | OP   PRO |
| 8. Identify Payers as Medicare vs Non-Medicare  | Solv   Client | OP   PRO |
| 9. Enable CAC Setting to send OCR documents to Catalyst   | Solv          | OP   PRO |
| 10. A historical extract is of encounters is required for model creation for contracted specialties (see additional modeling specifics below in "Model Data Requirements")  | Solv   Client | OP   PRO |
| 11. Map OP Visit Types to Solventum Standard (Outpatient Granularity) to identify Ancillary, ED, SDS visits   | Solv   Client | OP       |
| 12. Enable HIM New Technology Angular workflow setting  | Solv          | OP       |
| 13. Identify and Build EMR mappings/rules to define CRS groupers/reimbursement for Catalyst automation processing   | Solv   Client | OP       |
| 14. Implement Code Confidence for Inpatient and Outpatient facility Visits  | Solv   Client | OP       |
| 15. Setup and configure EWF channel and Application settings in Catalyst  | Solv          | OP       |
| 16. HL7 Physician Order Inbound Interface Document scoping and implementation for use in automating Ancillary services (dependency on EMR)  | Solv   Client | OP       |
| 17. HL7 Inbound Charge Data Detail Interface Scoping and Implementation for use in automating Ancillary services (dependency on EMR) HL7 Outbound final code interface for automated final coded visits (dependency on EMR)   | Solv   Client | OP       |
| 18. Map OP Visit Types to Solventum Standard (Outpatient Granularity) to identify Ancillary, ED, SDS visits   | Solv   Client | OP       |
| 19. System configuration for Promonitor would need to be completed (Client can complete, if not cloud hosted). If cloud hosted would need to engage the managed services team   | Solv   Client | PRO      |
| 20. Promonitor Rule setup to allow for specific autonomous capture/exclusion. QA set up   | Solv   Client | PRO      |
| 21. Provider file required  | Solv   Client | PRO      |
| 22. Review Document scoping for Professional document coding  | Client        | PRO      |
| 23. Clinic identification, including Hospital Based Clinic (non-observation) to help determine E/M code range for Auto-Suggest  | Client        | PRO      |
| 24. Provider/Charge Codes required (Transition from Provider based codes to Confident Auto suggested codes, to be access and determined.)   | Client        | PRO      |
| 25. Provider tables required for Professional will be needed when determining what documents/accounts are billable.   | Solv   Client | PRO      |
| 26. The Patient Status API (internal to Solventum) would be responsible for identifying if a patient was New or Established for Professional Outpatient E&M for customers who have been live on 360 Professional for 3+ years | Solv   Client | PRO      |
| 27. Clients without 3+ years of data would be required to provide a master patient list to help determine New versus Established Patients   | Solv   Client | PRO      |
| 28. An inbound Charge/Provider code interface is required   | Solv   Client | OP   PRO |
| 29. An inbound Physician order interface is required  | Solv   Client | OP   PRO |
| 30. An outbound autonomous coding interface is required   | Solv   Client | OP   PRO |

### Autonomous Coding Model

Once an Enterprise specific model is created for each needed coding specialty, the model will be assessed by Solventum Subject Matter Experts (SMEs). That assessment will be made by running the Client's encounters through the new autonomous model to determine viability in Shadow Mode. Based on the SMEs assessment, model refinements will be made and reevaluated. As the model matures, the Client is required to be engaged in the "Validation and Testing" phase of the implementation.

### Validation and Testing

Once the integration prerequisites are completed there will be several audit rounds performed to meet Client requirements for automation. The number of rounds is typically 3-5; however, can vary due to the complexity of the specialties contracted as well as the quality of encounter documentation.

These rounds will require Client engagement with the Solventum team. The Client will need to provide coders that understand the coding specialties contracted. These Client coders will assess the autosuggested and automation results generated. Client coders should code no less than 100 encounters, per medical speciality, to allow for proper assessment of coding accuracy and autonomous capture. Client coders Client coder feedback will be needed to further refine the model and help ensure that the Client's coding guidelines are best reflected in the generated results.

The "Validation and Testing" phase will cover both the autosuggestion code generation and autonomous qualification testing. Cases for both will be assessed in the Client's test environment. The Client's assigned coders will perform testing to ensure coverage is sufficient to promote the solution to the Client's Production environment. For the autosuggested code assessment, Solventum will closely assess the Precision and Recall ensuring comparable or better performance for the Client. Solventum Coding Analysts will share pertinent results with the Client to ensure that Clients are aware of any trade-offs, coding practices or other considerations are covered prior to production coding.

Solventum will work closely with the Client to collaborate on refining the autonomous coding configuration, and as needed, establish any criteria/rules within a visit type that qualify for automation. Client coders will initially interact, review, and validate all the autonomous coding results and finalize the record for the next step in the billing process. This will allow the coders to validate the accuracy of the engine codes along with the new evidence generated by the Artificial Intelligence (AI) coding engine to ensure compliance for billing and readiness for automation. Once the Client has approved the automation and is promoted to Production with a Go-Live, no additional audit rounds are needed. After "Go Live", model refinements and updates will be provided by Solventum. These model updates typically will not require Client testing.

#### **Model Audits**

- Post model creation each test suite will be submitted one at a time and results returned
- The results will be compared against the final codes and assessed by SMEs for encounter level confidence
- Provider codes will also be compared with the returned results for Profee
- An internal threshold will determine when the Client will be engaged in the audit review process
- That threshold will be based on comparable or better Precision & Recall
- Model refinement will be performed, and another test suite will be assessed

#### **AI Coding and Autonomous Chart Confidence Assessment**

Solventum will validate the Client interface feeds and process data through the AI coding engine and Chart confidence services to assess required data elements to perform Solventum data modeling and automation. This phase consists of both behind the scenes processing, referred to as Shadow mode which does not return any results to the Client in 360 Encompass, as well as some AI coding in a Test environment. The AI test coding will be performed by a subset of coders to help determine readiness for deploying the AI coding engine to Production. Client coders audit as described above will assess the autosuggested and automation result generated by the AI coding. A 360 Encompass interface feed from Production into Client Test environment is essential to support validation for AI coding and automation prior to deployment in the Client 360 Encompass Production system. The data modeling and assessment from this phase will be used as input to guide the visit types and categories that can be automated in the next phases. Solventum will work closely with the Client to collaborate on establishing an initial autonomous coding configuration.

#### **Testing Autonomous Workflow**

Autonomous Coding introduces enhanced 360 Encompass workflow features and functionality including new QA and Semiautonomous workflows to improve the effectiveness and efficiencies of the 360 Encompass platform. Integration must be in-place to return the Autonomous codes for qualified visits to the EMR vendor for the next step in the billing process.

The Client has the latitude to configure the account categories for automation as well as set a QA fraction for Facility or Professional. The QA fraction allows a percentage (0-100%) of the qualified autonomous visits to be validated and finalized by a coder. During the validation phase, the QA fraction will be set to 100% for all configured categories for a brief period of time and then reduced to ensure end-to-end testing is completed. By validating 100% of all qualified automation visits through the QA fraction review process, the Client can identify, if needed, any concerns relative to the configuration and ensure compliance as well as build confidence in the automation results. The QA fraction can be used to monitor the types of visits that are qualified as final coded ready prior to going to the next step in the billing process. Reporting capabilities will include coding interaction with code confidence, chart confidence and precision and recall.

Scope will include the following, including Responsibilities set forth in the Table, immediately below.

- Validate data and interface feeds in Catalyst are ready for AI coding and Autonomous Chart qualification
- Some coding with the AI coding engine in a Test environment
- For Facility Autonomous Coding - Validation of Physician Orders & Charge Interfaces
- Configure Chart Confidence and Facility automation categories for licensed coding specialties
- Validation of EWF Worklists and/or on-premises worklist for QA Fraction

▪ Solventum Data modeling reports

| Client Validation and Testing – Deployment   | Responsibility<br>Solventum   Client | Professional<br>Facility |
|--|--------------------------------------|--------------------------|
| 1. HIM and Professional Billing coding workflow for qualified visits that meet automation criteria   | Solv   Client                        | OP, PRO                  |
| 2. HIM and Professional billing coding workflow for non-qualified visits that do not meet automation criteria  | Solv   Client                        | OP, PRO                  |
| 3. Refine Chart Confidence automation categories   | Solv   Client                        | OP, PRO                  |
| 4. QA Fraction workflow for qualified visits (initially 100% QA)   | Solv   Client                        | OP, PRO                  |
| 5. Validate Autonomous Reporting   | Solv   Client                        | OP, PRO                  |
| 6. Validate OP Auto-drop of confident codes (Profee capabilities pending release )   | Solv   Client                        | OP, PRO                  |
| 7. EMR integration through existing CRS interactive interface (Weblink API) or Solventum HIM EWF OP Coding Worklists                                     | Solv   Client                        | OP                       |
| 8. Enable 360 Encompass Autonomous Coding Application settings to display AI coding engine and automation results  | Solv   Client                        | OP, PRO                  |
| 9. Validate AI Model OP suggested codes and evidence for qualified visits  | Solv   Client                        | OP                       |
| 10. Validate EMR mappings/rules for CRS grouper/reimbursement used during processing   | Solv   Client                        | OP                       |
| 11. Validate Physician Order document display and engine assigned diagnosis  | Solv   Client                        | OP                       |
| 12. Validate Charge code interface and workflow  | Solv   Client                        | OP                       |
| 13. Validate code sequencing, auto-assigned date of service, auto-assigned provider, and final codes for automated OP visits                             | Solv   Client                        | OP                       |
| 14. Validate Solventum Enterprise Workflow QA Fraction Worklist Workflow (dependency on HL7 outbound final code interface)                               | Solv   Client                        | OP                       |
| 15. Configure Coder email notification process for Solventum QA Fraction Worklist/Workflow (optional and not available for 360E Managed clients)         | Solv   Client                        | OP                       |
| 16. Validate Outbound final code interface support for automated final coded visits (dependency on EMR)  | Solv   Client                        | OP                       |
| 17. Validate Provider Code interface and workflow  | Solv   Client                        | PRO                      |
| 18. Validate AI Model Profee suggested codes and evidence for qualified visits   | Solv   Client                        | PRO                      |
| 19. Validate AI Model Profee suggested codes and evidence for evaluation and management  | Solv   Client                        | PRO                      |
| 20. Validate code sequencing, auto-assigned date of service, auto-assigned provider, Linked Dx codes to CPT, and final codes for automated Profee visits | Solv   Client                        | PRO                      |

### Go Live

After the Client completes performing the audit rounds and testing the system in a Client Test environment, the next step is to deploy the autonomous capabilities into the Client's Production environment. A staged rollout of capabilities is generally recommended for each contracted specialty. A staged approach helps ensure the integrity of the system, can establish confidence, and minimizes unforeseen issues that may require additional adjustments. Staging can include limiting the initial number of go-live facilities as well as utilizing the QA Workflow process.

Once in Production, there's a comprehensive set of autonomous reports that help monitor the performance of the system. The target capture rate will also depend on the completeness and quality of the electronic patient documentation. With continued coding and encounter processing in the system, on-going model refinement is performed and overviewed by the SMEs with feedback from the Client management and coding specialists.

### Client Responsibilities & Resources

The following Client resources are required for the project to establish an integrated project team that will work with the Solventum team in the deployment of Autonomous Coding. The Client project team will also help provide system access where needed and direction to the Solventum team and help support and train end-users before and after go-live.

An essential responsibility for the Client during the implementation period is to review and use updates in a timely fashion in both test and production environments to ensure good momentum and feedback, which may drive features in subsequent releases. Where possible, the Solventum team will

work to reduce configuration, maintenance, and project management time and effort placed on the Client. The time commitments listed below are estimates.

### Client Resources

To effectively execute the following resources are needed for the Client team:

| Autonomous Coding SOW – Client Role and Client Responsibilities |   |  |
|---|---|--|
| Client Role   | Responsibilities within the Project Team  | Requirements   |
| Executive sponsor   | <ul style="list-style-type: none"> <li>o Ensure appropriate resourcing and stewardship for project implementation</li> <li>o Resolve escalated issues</li> </ul>  |  |
| Business owner (such as HIM director or Coding Manager)         | <ul style="list-style-type: none"> <li>o Provide oversight throughout the project</li> <li>o Set direction for system build, workflow redesign, policies, and procedures</li> <li>o Assists with business needs and Client defined configurations</li> <li>o Actively participate in resolving departmental policy and procedure issues relating to implementation, coding practices and automation priorities</li> <li>o Actively participates in Automation Model Audit Results, Reviews</li> <li>o Autonomous Coding Validation, reviews Validation Services Configuration</li> <li>o Engage from project initiation through follow-up</li> </ul>  | <u>Level of effort</u><br>As much as .25 FTE   |
| Project manager(s)  | <u>Execution of the project plan</u> <ul style="list-style-type: none"> <li>o Work with Solventum to develop a master project plan of all Client tasks, including requirements, interface development, and testing</li> <li>o Maintain project plan (% complete, actual and forecast dates)</li> <li>o Maintain risk and issues list</li> <li>o Guarantee adequate Client resources are available to complete project milestones on time and within budget</li> <li>o Oversee day-to-day tasks related to the system implementation</li> <li>o Participate/report in status meetings and executive updates as scheduled</li> <li>o Actively escalate and resolve system, policy, and procedure issues</li> </ul> <u>Facilitation of training</u><br><u>Coordination of go-live planning</u><br><u>Collaborate to produce deliverables</u> | <u>Level of effort</u> <ul style="list-style-type: none"> <li>o FTE requirements based on timing of project phases, at a minimum:               <ul style="list-style-type: none"> <li>o .25 - .5 FTE for Autonomous Coding</li> </ul> </li> </ul> |
| Interface analyst   | <ul style="list-style-type: none"> <li>o Liaise with the Solventum interface analyst</li> <li>o Support existing ADT and document interfaces</li> <li>o For Facility Autonomous Coding - Support new HL7 inbound interfaces for Electronic Physician Order and Facility Charges</li> <li>o Support new HL7 outbound final code interface and integration with EMR</li> </ul>  | <u>Level of effort</u> <ul style="list-style-type: none"> <li>o .50-.75 FTE for Autonomous Coding</li> </ul>   |
| System administrator(s) or application analyst(s)               | <u>Functional expertise for each 360 Encompass module or application</u> <ul style="list-style-type: none"> <li>o Lead efforts to build and test Autonomous Coding</li> <li>o EMR Configuration tasks, including charge router</li> <li>o Participate in autonomous coding workflow configuration, Validation Rules, ProMonitor rules and business process review</li> <li>o Create Test accounts to support Client validation testing (CVT) during course of the project</li> <li>o Manage remote access solutions</li> </ul>  | <u>Level of effort</u> <ul style="list-style-type: none"> <li>o FTE requirements based on timing of project phases, at a minimum: .50 - .75 FTE for Autonomous Coding</li> </ul>   |
| Coders (champions for CVT)                                      | <ul style="list-style-type: none"> <li>o Assist with workflow validation for AI coding engine</li> <li>o Assist with workflow validation for physician order document display and auto-suggested diagnosis codes</li> <li>o Assist with workflow validation for charge code interface and documents, including Physician orders</li> <li>o Assist with Coding Automation workflow for semi-autonomous and Final Code Ready visits</li> <li>o Assist with QA Workflow validation using EWF (Facility)</li> <li>o Assist with QA Workflow validation using 360 E worklist (Professional)</li> </ul>   | <u>Level of effort</u> <ul style="list-style-type: none"> <li>o .25 FTE for EACH specific coding specialty targeted for automation, such as Ancillary, SDS, ED</li> </ul>  |
| End users – coders  | <ul style="list-style-type: none"> <li>o Use the software in live operations</li> </ul>   | <ul style="list-style-type: none"> <li>o Availability for workflow</li> </ul>  |

|  |  |                                   |
|--|--|-----------------------------------|
|  |  | discussions and software training |
|--|--|-----------------------------------|

## Solventum Resources

The Solventum team responsible for the project and interactions with the Client include:

| Solventum Role                      | Responsibilities within the Project Team  |
|-------------------------------------|---|
| Engagement Manager                  | Provides overall project oversight and coordinates all Autonomous Coding project planning activities and communications across the implementation team <ul style="list-style-type: none"> <li>o Oversees project deliverables</li> <li>o Serves as primary contact and project lead with clients</li> <li>o Serves as the primary escalation point for project, resource and timeline discrepancies</li> <li>o Assists with the development and management of project timeline</li> </ul>   |
| Project Manager                     | Tracks and coordinates Autonomous coding specific project activities. <ul style="list-style-type: none"> <li>o Serves as the primary point of contact for the project details</li> <li>o Develops and manages the project timeline</li> <li>o Manages completion of contractual milestones and defined work plan tasks</li> <li>o Coordinates resources for all client activities</li> <li>o Communicates on project status, issues and tasks</li> </ul>  |
| Business Process Solution Advisor   | Advises how to establish the optimal Autonomous coding software workflow and department processes to conform to, or improve, the client's business processes. <ul style="list-style-type: none"> <li>o This individual provides an ongoing point of contact after software go-live and follows up with onsite visit to ensure best practice user adoption and ROI.</li> </ul>   |
| Autonomous Coding Solution Advisor  | Advises on autonomous coding model creation, assists Client with providing client-specific coding guidelines to develop the base model and assess the model results with the Client <ul style="list-style-type: none"> <li>o Facilitates audit reviews based on model performance</li> <li>o Works closely with the EIT Implementation Consultant to configure and enable Chart confidence based on the licensed specialties and/or model performance</li> <li>o Collaborates with the client to identify areas where client-specific validation rules may be needed</li> </ul> |
| Technical Engineer (as needed)      | Evaluates established hardware configuration and conducts software installation. <ul style="list-style-type: none"> <li>o Conducts technical assessment and review of hardware</li> <li>o Ensures hardware meets recommended specifications</li> <li>o Installs the Connexion Remote Integrator application on the servers</li> <li>o Completes technical training as needed</li> <li>o Assists with troubleshooting and resolution of issues as needed</li> <li>o Provides support to the project team</li> </ul>  |
| Outpatient / Profee Coding Analyst  | Assess and refine the client-specific AI automation model for each licensed coding specialty. <ul style="list-style-type: none"> <li>o Analyzes and refines AI model results pre-Client Audit</li> <li>o Responsible for review and validation of outpatient documents</li> <li>o Engages with client on AI model feedback post Client Audit</li> </ul>   |
| Interface analyst                   | Works with the client's integration team to configure and test the Autonomous coding inbound and outbound interfaces from/to EMR, including the physician orders, facility charges and final code outbound. <ul style="list-style-type: none"> <li>o Serves as primary integration/interface expert</li> <li>o Provides remote HL7 interface configuration and support</li> <li>o Assists with troubleshooting and resolution of issues as they arise</li> <li>o Ensures that necessary interface transactions are tested</li> </ul>  |
| Implementation Consultant           | Assists with Autonomous coding workflow analysis, product configuration, training, and support. <ul style="list-style-type: none"> <li>o Serves as primary application expert</li> <li>o Conducts product assessments, system build, system administrator training and support</li> <li>o Communicates status of required tasks and issues</li> <li>o Assist with scoping activities as required</li> <li>o Assists with troubleshooting and resolution of issues as they arise</li> </ul>  |
| Autonomous Coding Workflow Trainers | Experts in coding automation workflow and will conduct application training to optimize use. <ul style="list-style-type: none"> <li>o Responsible for training client managers and end users in use of 360 Encompass Autonomous Coding, Chart Confidence configuration and Enterprise Workflow for Coding</li> <li>o Delivers web-based training</li> <li>o Instructs on the interpretation of Autonomous coding Enterprise analytic reports</li> </ul>   |

### Technical Requirements

- Google Chrome or Microsoft Edge (Chromium) web browser must be installed on devices used to access Outpatient Autonomous Coding. The most recent (Latest) and one version prior of these browsers are supported.
- Client 360 Encompass hardware must meet current supported Operating System and SQL requirements as defined by Solventum
- Client will provide remote or unattended access for Solventum implementation team during the project.
- Client 360E Encompass supports a live interface feed from Production to Test Environment
- Client 360E Encompass is receiving IP and OP auto-suggested codes in both Test and Production
- 360E Encompass must be installed and upgraded to the latest available 360 Encompass release and all subsequent releases must be applied in the appropriate environment in a timely manner
- The Connexion Remote Integrator software must be installed on either the existing interface servers on each 360 Encompass instance or on a separate server.

### Outpatient Specific

- Client can interface Physician orders (CPOE or Scanned) for Ancillary services
- Client can implement inbound Facility Charge Data Detail DFT interface for needed Chargemaster codes to support Ancillary services
- Client will work with EMR vendor to facilitate an additional HL7 outbound final code interface to support the autonomous coding workflows (Note: sites with an existing HL7 final code outbound from 360E may not need a new outbound interface)
- Client can provide email server integration for coder notifications for Solventum QA Fraction worklist workflow

### Professional Specific

- Provider / Charge code inbound Interface
- Provider file
- Final code outbound interface

### Notice

\*Subject to change based on Solventum/Client interaction and circumstances - phases may overlap

**Client-supplied Training.** Client will not require Solventum personnel providing services hereunder to take Client-supplied training prior to gaining access to Client systems necessary to perform the services set forth in this Statement of Work.



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

January 21, 2024

**SUBJECT:** Proposed Amendment No. 4 to Agreement 006-2020 with Neurodiagnostic Workforce LLC

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

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 4 to Agreement 006-2020 with Neurodiagnostic Workforce LLC, an independent contractor, for neurodiagnostic monitoring services.

Kern Medical has contracted with Neurodiagnostic Workforce since February 12, 2020. Neurodiagnostic Workforce currently provides the support of four full-time EEG technicians and a part-time Chief Technician who perform inpatient and outpatient monitoring services and provide 24/7 in-house coverage Monday through Friday, excluding holidays, and 24/7 on-call coverage on weekends and holidays, including routine EEG monitoring services, for continuous monitoring of patients in the ICU, ambulatory and outpatient clinic setting, and epilepsy monitoring unit on an 24/7 on-call basis. These services are vital to the success of our neurosurgery and neurology programs and a critical component of the Epilepsy Monitoring Unit.

The proposed Amendment extends the term of the Agreement for two years from February 12, 2026 through February 11, 2028, and increases maximum payable by \$900,000 to cover the extended term.

Therefore, it is recommended that your Board approve Amendment No. 4 to Agreement 006-2020 with Neurodiagnostic Workforce LLC, for neurodiagnostic monitoring services, for the period February 12, 2020 through February 11, 2022, extending the term for two years from February 12, 2026 through February 11, 2028, increasing the maximum payable by \$900,000, from \$2,552,000 to \$3,452,000, to cover the extended term, and authorize the Chairman to sign.

**AMENDMENT NO. 4  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Neurodiagnostic Workforce LLC)**

This Amendment No. 4 to the Agreement for Professional Services is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2026, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Neurodiagnostic Workforce LLC, a California limited liability company (“Contractor”), with its principal place of business located at 11604 Crabbet Park Drive, Bakersfield, California 93311.

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #006-2020, dated April 3, 2020), Amendment No. 1 (Agt. #008-2021, dated February 17, 2021), Amendment No. 2 (Agt. #022-2022, dated February 16, 2022, and Amendment No. 3 (Agt. #012-2024, dated January 17, 2024) (collectively, the “Agreement”), for the period February 12, 2020 through February 11, 2026, for neurophysiological monitoring and EEG technician support at KMC; and

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

(c) The Agreement is amended effective February 12, 2026;

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 February 12, 2020 (the “Effective Date”), and shall end February 11, 2028, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 4, Payment for Services, paragraph 4.2, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“4.2 **Maximum Payable.** The maximum payable under this Agreement shall not exceed \$3,452,000 over the term of this Agreement.”

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

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

5. 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.

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

[SIGNATURES FOLLOW ON NEXT PAGE]

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

NEURODIAGNOSTIC WORKFORCE LLC

By   
Adora Calistro  
Its Managing Member

KERN COUNTY HOSPITAL AUTHORITY

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

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Scott Thygerson  
Chief Executive Officer

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By \_\_\_\_\_  
Vice President & General Counsel  
Kern County Hospital Authority



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

January 21, 2026

**Subject:** Request to increase the maximum payable on the Service Agreement (39625) with Hayes Locums for contracted physician staffing

**Recommended Action:** Approve

**Summary:**

Kern Medical requests your Board approve the requested increase in the maximum for the Service Agreement #39625 with Hayes Locums, effective June 24, 2025 for a one (1) year term that auto-renews for subsequent one (1) year terms, increasing the yearly maximum payable by \$500,000, from \$250,000 to \$750,000 to allow Kern Medical the funds necessary to secure contracted physician staffing.

Hayes Locums secures critical orthopedic trauma coverage. Although Kern Medical anticipates the continued need for contracted physician staffing beyond this initial year, we do expect to see a decrease in the contracted physician coverage for the orthopedic trauma service as there has been aggressive recruitment efforts taking place and it is anticipated that Kern Medical will welcome at least one additional orthopedic trauma surgeon in a full-time capacity in late summer, 2026.

Therefore, it is recommended that your Board approve increasing the maximum yearly payable for the Service Agreement (39625) with Hayes Locums for contracted physician staffing, from \$250,000 to \$750,000 per year of the agreement to cover the additional needed contracted physician staffing.



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

January 21, 2026

**Subject:** Proposed Cerner Business Agreement Amendment No. 26 and Ordering Document# CPQ-3730224 with Cerner Corporation, a subsidiary of Oracle Corporation

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

**Summary:**

Kern Medical requests that the Board of Governors approve the proposed Cerner Business Agreement Amendment No. 26 with Cerner Corporation, a subsidiary of Oracle Corporation, to allow Kern Medical to participate in the Oracle Health Learning Health Network (LHN) through execution of a zero-dollar ordering document with Oracle America, Inc., acting as ordering and invoicing agent for Cerner Corporation.

The Oracle Health Learning Health Network is a nationwide collaboration of healthcare organizations that contribute de-identified clinical data to support clinical research, outcomes analysis, and real-world evidence development. In exchange, participating organizations receive access to aggregated, de-identified datasets and potential opportunities to participate in future research initiatives.

The attached amendment and ordering document reflects no financial cost to Kern Medical. There are no subscription fees, licensing costs, implementation costs, or capital expenditures associated with participation. The agreement allows Kern Medical to participate as a data contributor to Oracle Health Real-World Data for a defined term while maintaining compliance with HIPAA de-identification standards (45 C.F.R. § 164.514).

Participation in the Learning Health Network supports Kern Medical's mission by expanding access to research insights, enabling collaboration with a national network of health systems, and improving opportunities for clinical research participation without financial impact to the organization.

Therefore, it is recommended that the Board of Governors approve the proposed Amendment No. 26 and Ordering Document with Cerner Corporation, a subsidiary of Oracle Corporation, to participate in the Oracle Health Learning Health Network at no cost, and authorize the Chairman to sign.

**Kern County Hospital Authority**  
1700 Mt. Vernon Avenue  
Bakersfield CA, 93306  
US

**Oracle America, Inc.**  
500 Oracle Parkway  
Redwood Shores, CA  
94065

**Contact**  
Sandra Bakich  
+1 (661) 862-8110  
sandra.bakich@kernmedical.com

Fee Summary

| Fee Description    | Net Fees | Monthly Fees | Annual Fees |
|--------------------|----------|--------------|-------------|
| Recurring Services | --       | 0.00         | --          |
| Total Fees         | 0.00     | 0.00         | 0.00        |

## Billing Frequency

| Description        | Amount Due | Payment Due                                       |
|--------------------|------------|---|
| Recurring Services | 100%       | Annually in advance, beginning when access issued |

## Ordered Items

### Recurring Services

| Part Number | Description  | Term  | Pass-Through Code | Quantity | Unit Net Price | Extended Monthly Fees |
|-------------|--|-------|-------------------|----------|----------------|-----------------------|
| B109497     | Oracle Health Real-World Data - Contributor - Client | 36 mo | --                | 1        | 0.0            | 0.00                  |
| Subtotal    |  |       |                   |          |                | 0.00                  |

## Permitted Facilities

| Name                           | Street Address | City                      |
|--------------------------------|----------------|---------------------------|
| Kern County Hospital Authority | 1830 Flower St | Bakersfield, CA, 93305 US |

## **A. Terms of Your Order**

### **1. Applicable Agreement**

a. This order incorporates by reference the terms of the Cerner Business Agreement No. 1-3H7XXBV (Client Reference HA # 2016-36) LA-0000010943 and all amendments and addenda thereto (the "Agreement"). The defined terms in the Agreement shall have the same meaning in this order unless otherwise specified herein.

Oracle America, Inc. is acting as ordering and invoicing agent for Cerner Corporation. Your order remains between You and Cerner Corporation. All references to "Oracle", "we", "us", or "our" shall refer to Cerner Corporation. We may refer to Client or Customer as "You".

### **2. Fees and Payments**

a. Listed above is a summary of net fees due under this order. All fees on this order are in US Dollars.

b. Fees will be invoiced in accordance with the Billing Frequency table above.

c. You agree to pay any sales, value-added or other similar taxes imposed by applicable law that Oracle must pay based on the items You ordered, except for taxes based on Oracle's income. If You will be claiming an exemption from these taxes, You will provide to Oracle a valid certificate of tax exemption in advance of, or at the time of, the execution of this order. You are responsible to ensure that You provide Oracle with timely notification of any tax exemption status changes and to timely provide updated exemption certificates in the event any previously provided exemption certificate expires during the term of this order.

d. Once placed, Your order shall be non-cancelable and the sums paid nonrefundable, except as provided in the Agreement and this order.

### **3. Terms Applicable to Ordered Items**

#### **a. Scope of Use.**

You will use the Ordered Items in this order in accordance with the Documentation and subject to the quantity of the item specified in the Ordered Items table(s) above. This order incorporates by reference the scope of use metric, definition, and any rules applicable to the Ordered Item as described in the Oracle Health Definitions and Rules Booklet v121524 which may be viewed at <http://www.oracle.com/contracts> on the Oracle Health tab.

If the quantity of an Ordered Item is exceeded, You agree to execute a new order setting forth the additional quantity of the item.

Where applicable, scope of use will be measured periodically by Oracle'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), You will provide the relevant information (including records to verify the information) to Oracle at least once per year. You agree that if an event occurs that will affect Your scope of use (such as the acquisition of a new hospital or other new facility), You will notify Oracle in writing of such event no later than 30 days following the effective date of such event so that Your scope of use can be reviewed. Any additional fees due under this section will be payable within 30 days following Your 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).

#### **b. Permitted Facilities.**

The Ordered Items in this order are for use by the facilities listed in the Permitted Facilities table(s) above. You may add or substitute Permitted Facilities by amending this order.

### **4. Order of Precedence**

a. In the event of inconsistencies between the terms contained in this order and the Agreement, this order shall take precedence. This order will control over the terms contained in any purchase order.

### **5. Effective Date**

a. If accepting this order online, the effective date of this order is the date You submit the order. Otherwise, the effective date is the last signed date stated below.

### **6. Offer Validity**

a. This offer is valid through 28-Feb-2026 and shall become binding upon execution by You and acceptance by Oracle.

## **B. Additional Order Terms**

### **1. Linking Language**

You acknowledge and agree that the terms and conditions of this document are contingent upon the simultaneous execution of the document(s) with the footer(s) Health\_Oracle Health Real World Data CBA Amendment\_v041924 between the parties (the "Contingent Document(s)"). If the parties do not simultaneously execute the Contingent Document(s) with this document, then this document shall be deemed to have no legal effect, even if executed.

### **2. Oracle Health Real World Data**

Oracle Health Real World Data is provided to You in accordance with the Agreement referenced above including the Oracle Health Real World Data Schedule.

**a. Oracle Tasks and Activities.** Oracle will deliver Oracle Health Real World Data, as specified in this order, loaded into a community, multi-tenant, shared environment designated by Oracle (the "Environment"). The Oracle Health Real World Data ordered will be loaded into the Environment and refreshed by Oracle on a periodic basis.

**b. Client Scope of Use.** Client is authorized to use the following up to the limits specified below:

- Users -- Total number of users with a unique login ID: 3 users
- Usage -- Total number of hours per week for all users: 40 hours per week
- Storage -- Total data storage (gigabytes): 13,000 GB

**c.** Prior to Your use of the Oracle Health Real World Data, You and Oracle will review estimated use and discuss the process Oracle will use to calculate total usage by all Users. You understand that Oracle will use this process to estimate when You have reached the maximum usage for any given week and will discontinue Your access to Services for the remainder of the week.

**d. Solution Descriptions.** The following applies if you purchase Real World Data -- Contributor:

Real World Data / Oracle Health Real-World Data ("OHRWD") is Oracle's national de-identified, aggregated clinical research database. Usage limits (also known as "Scope of Use") are as specified in your order. For Learning Health Network (LHN) members, Oracle will extract data from the contributing LHN member into OHRWD. The OHRWD dataset will be made available and updated in a community, multi-tenant research environment as defined by the Agreement and/or this order. For LHN members, the following pre-requisites apply:

- Must have an active LHN membership
- Must be a data contributor to the OHRWD

**e. Termination.** If either party chooses to exercise its right to terminate the Oracle Health Real World Data Schedule, as set out in the Oracle Health Real World Data Schedule, then each party's rights and obligations related to the Oracle Health Real-World Data - Contributor -- Client (Part Number B109497) Services, including Your right to use such Services, shall also terminate simultaneously with the effective date of termination of the Schedule, provided that any rights or obligations of a party that are intended to survive beyond termination shall survive.

Kern County Hospital Authority

Signature

Name

Phil McLaughlin

Title

Chairman, Board of Governors

Signature Date

January 21, 2026

Oracle America, Inc.

Signature

*Anthony Hernandez*

Name

Anthony Hernandez

Title

Senior Director, NA Customer  
Deal Desk

Signature Date

19-Dec-2025 09:03 AM PDT

APPROVED AS TO FORM:  
Legal Services Department

By *Shannon Hochstein*  
Kern County Hospital Authority

## Bill To / Ship To Contact Information

### Bill To Contact

| Customer Name                  | Customer Address                           | Contact Name / Phone / Email                                |
|--------------------------------|--|---|
| Kern County Hospital Authority | 1830 Flower St<br>Bakersfield, CA US 93305 | Rey Lopez<br>+1 (661) 326-5480<br>rey.lopez@kernmedical.com |

### Ship To Contact

| Customer Name                  | Customer Address                           | Contact Name / Phone / Email                                |
|--------------------------------|--|---|
| Kern County Hospital Authority | 1830 Flower St<br>Bakersfield, CA US 93305 | Rey Lopez<br>+1 (661) 326-5480<br>rey.lopez@kernmedical.com |



## CERNER BUSINESS AGREEMENT AMENDMENT TWENTY-SIX

This Cerner Business Agreement Amendment Twenty-Six (this "Amendment") amends the Cerner Business Agreement No. 1- 3H7XXBV (Client Reference HA # 2016-36) LA-0000010943 dated July 01, 2016, and all amendments and addenda thereto (the "Master Agreement") between Kern County Hospital Authority ("You") and Cerner Corporation, a subsidiary of Oracle Corporation (collectively with its affiliates, "Oracle," "we," "us," or "our"). The parties agree to amend the Master Agreement as follows:

### A. GENERAL TERMS

1. By signing below You agree that you are adding the following Schedule, attached hereto, to the Master Agreement:

Oracle Health Real World Data Schedule for Data Contributors (the "OHRWD Schedule")

The parties agree that the OHRWD Schedule will supersede any Data Network Agreement ("DNA") or Data Use Agreement ("DUA") entered into by the parties and that both the DNA and DUA will be considered terminated and of no effect as of the date of this Amendment, except for those provisions that survive termination.

Subject to the modifications herein, the Master Agreement shall remain in full force and effect.

The Effective Date of this Amendment is \_\_\_\_\_. (to be completed by Oracle)

#### Kern County Hospital Authority

Authorized Signature: \_\_\_\_\_

Name: Phil McLaughlin

Title: Chairman, Board of Governors

Signature Date: \_\_\_\_\_

#### Cerner Corporation

Authorized Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature Date: \_\_\_\_\_

APPROVED AS TO FORM:  
Legal Services Department

By Shannon Hochstein  
Kern County Hospital Authority



## ORACLE HEALTH REAL-WORLD DATA SCHEDULE FOR DATA CONTRIBUTORS

The Oracle Health Real-World Data Schedule for Data Contributors (this "Schedule") is between Cerner Corporation, a subsidiary of Oracle Corporation (collectively with its affiliates, "Oracle," "we," "us," or "our") and Kern County Hospital Authority ("You" or "Your").

You and Oracle hereby agree that Your use of and access to the Oracle Health Real-World Data, Oracle's right to use Data in consideration for such use and access, and any other items or Services described in an Ordering Document referencing this Schedule, shall be governed by such Ordering Document (if any); the terms and conditions of this Schedule; and the Cerner Business Agreement No. 1-3H7XXBV (Client Reference HA # 2016) LA-0000010943 dated July 01, 2016 between You and Cerner (the "Agreement"). In the event of a conflict between the terms and conditions of these documents, the order of precedence shall be: (i) this Schedule; (ii) an Ordering Document referencing this Schedule (if any); and (iii) the Agreement. Specifically, the parties agree that the authorizations granted herein shall supersede any limiting or conflicting authorizations or restrictions set forth in the Agreement or in a Business Associate Agreement. Capitalized terms not defined in this Schedule shall have the definitions ascribed in the Agreement.

The parties agree that this Schedule is the complete agreement with respect to its subject matter and supersedes all prior or contemporaneous agreements or representations, written or oral, with respect to its subject matter. If any term of this Schedule is found to be invalid or unenforceable, the remaining provisions will remain effective and such term shall be replaced with a term consistent with the purpose and intent of this Schedule. This Schedule may not be modified and the rights and restrictions may not be altered or waived except in writing signed by authorized representatives of You and Oracle.

### 1. DE-IDENTIFICATION AND USE OF CONTRIBUTOR DATA

- 1.1 **Oracle Learning Health Network.** Oracle provides the infrastructure, operation, and support for the Oracle Learning Health Network. The Oracle Learning Health Network facilitates the Use of Data by You and Oracle for the purposes set forth in this Schedule, where "Data" consists of Protected Health Information and any other data contained in data sources identified in writing by You for inclusion in Oracle Health Real-World Data or any follow-on thereof that comprises Aggregated Data as defined below.
- 1.2 **Data Use.** In exchange for providing You with access to the Oracle Learning Health Network, You authorize Oracle to Use Data as follows:
  - 1.2.1 Oracle may de-identify Protected Health Information in accordance with the standards set forth in 45 C.F.R. 164.514(b). The resulting de-identified health information, together with any Data that is not Protected Health Information, shall hereinafter be collectively referred to as "**De-identified Data**". You hereby grant Oracle the non-exclusive, irrevocable, perpetual, royalty-free right and license to use the De-identified Data for any purpose not prohibited by law. This license shall be separate and additive to any permission or license granted to Oracle in a Business Associate Agreement or the Agreement.
  - 1.2.2 Oracle may Use and disclose Data comprising Protected Health Information 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.
- 1.3 **Data Exchange.** You authorize Oracle to Exchange the Data as set forth below:
  - 1.3.1 **Individual Authorization.** You authorize the Exchange of Data (a) to the individual who is the subject of the Data or their personal representative, and (b) to any individuals or entities identified in an authorization provided by the individual who is the subject to the Data or such individual's personal representative, each in accordance with applicable law.
  - 1.3.2 **Data Recipient Elections.** You authorize and direct Oracle to Exchange Data with Data Recipients in accordance with an executed Exchange Authorization, the form of which is attached hereto as Exhibit A. You will complete this form and submit it to Oracle whenever You would like Oracle to transmit Data for one or more specific patients to one or more third parties.

- 1.4 **Restrictions on Data.** You are responsible for managing and maintaining (i) any individual restriction You place on Data in response to the requesting individual, in accordance with Your policies and as required by applicable law, and (ii) any restriction placed on Data from any third-party data contributors or sources. For purposes of this Schedule, Data shall not include any medical information or data for any individual located outside the United States. You are solely responsible for ensuring the accuracy of the location in all Data transmitted to Oracle.
- 1.5 **Oracle Learning Health Network Research Opportunities.**
- 1.5.1 **Searchability of Data.** De-identified Data may be aggregated by Oracle with data from other sources, including but not limited to de-identified health information originating with other Contributors (such aggregated data hereinafter referred to as “Aggregated Data”). The Oracle Health Real-World Data comprises Aggregated Data from all such Contributors. Oracle may make De-identified Data and Aggregated Data available to You and third parties via the Oracle Learning Health Network or other platform identified in an Ordering Document. Without limitation as to the tools or technology that may be used to review, store or process De-identified Data or Aggregated Data, record locator tools, query functions, search engines, and similar tools may be used to determine whether You maintain any Data on one or more individuals that may be relevant to a specific query, study, clinical trial or similar project (i.e., De-identified Data matches the search criteria).
- 1.5.2 Oracle may notify You if You qualify for a research study in connection with the Oracle Learning Health Network, e.g., You may have a sufficient number of patients that satisfy the criteria for such study. You hereby authorize Oracle to provide Your name and contact information to any third party that determines from its use of Aggregated Data that You appear to have patients and/or information that are relevant to the third party’s research.

## 2. USE OF ORACLE LEARNING HEALTH NETWORK

- 2.1 **Provision of Aggregated Data via Oracle Learning Health Network.** Unless specified otherwise in an Ordering Document, Oracle will provide Services consisting of providing You web-based access to the Aggregated Data via the Oracle Learning Health Network, as described in more detail in Section 3 below.
- 2.2 **Your Right to Use Aggregated Data.** For the term of the applicable Ordering Document, Oracle hereby grants You a nonexclusive, revocable, non-transferable, non-assignable, limited right to use, access, store, display, process and analyze Aggregated Data via the Services and in the form made available by Oracle, solely within the United States, for Your internal research purposes; provided that You may allow Your vendor(s) to perform any tasks in connection with the foregoing on Your behalf, subject to Oracle’s prior written approval of the vendor (such approval not to be unreasonably withheld); and provided further that in no event may the Aggregated Data be copied, reproduced, transmitted or distributed in whole or in part for use outside the Services. No right to use, print, copy, modify, create derivative works of, adapt, translate, distribute, disclose, decompile or reverse engineer the Services or Aggregated Data is granted, except as expressly set forth in this Schedule. As between You and Oracle, Oracle is the sole owner of and retains all right, title, and interest in the Services and Aggregated Data.
- 2.3 **Merging Aggregated Data with Your Data.** You may merge Your own data with Aggregated Data to form a derivative work for use by You and Your Users provided, however, that any portion of the Aggregated Data included in such a derivative work will continue to be the property of Oracle and shall be subject to the same use restrictions as the Aggregated Data. For the sake of clarity, nothing herein shall be construed to allow You, or any other User, to divulge or otherwise compromise any or all of the Aggregated Data.
- 2.4 **Your Responsibilities.** You shall take the following steps to safeguard Services and Aggregated Data against use and access that is unauthorized or exceeds the scope or nature of permitted use:
- a) You will use appropriate safeguards to prevent use or disclosure of the Services and Aggregated Data other than as provided for by this Schedule. You will report to Oracle any access to, use or disclosure not permitted under this Schedule, without unreasonable delay and in no case later than five (5) days of the discovery, or such shorter timeframe as may be required by law or contract.
  - b) You will limit access to the Services and Aggregated Data only to those Users who have a need to access that is consistent with the purposes set forth in this Schedule.

- c) You represent that You have the authority to, and will, bind each User to confidentiality and use restrictions that are at least as restrictive as those set forth in this Schedule, which shall be in writing for Your consultants serving as Users.
- d) You will assign and maintain correct privileges for each User and be responsible for all activities that occur under Your accounts.
- e) You agree to provide information reasonably requested by Oracle to verify Your compliance with this Schedule.
- f) You will manage and maintain communications connections and devices for Your Users at all locations.
- g) You will not use the Services or Aggregated Data to identify or contact or to attempt to identify or contact any individual or institution, provided that You may contact an institution for which Oracle has provided the name and contact information in connection with a query described in Section 1.5 above.
- h) You will not use or disclose the Services or Aggregated Data for the purposes of linking to marketing data. For the avoidance of doubt, Your statement that You contribute to the Oracle Learning Health Network and publication activities as described in Section 2.5 below do not constitute unauthorized disclosure of Services.
- i) You will not outsource Your operation of any Licensed Software to any third party without Oracle's prior written consent.
- j) If there is a threat to the security of Oracle's systems or the Services, Oracle may, upon notice to You, suspend the Services without liability to You until all issues are resolved to Oracle's reasonable satisfaction.

**2.5 Publications.** In the event You seek to publish or disseminate the results of research using the Aggregated Data, You will use the following descriptions:

- a) For brief communications or scientific abstracts, the following description will be used:

*Oracle Health Real-World Data*

- b) For reports or full scientific manuscripts, the following description will be used:

*Data in Oracle Health Real-World Data is extracted from the EMR of hospitals with which Oracle has a data use agreement. Encounters may include pharmacy, clinical and microbiology laboratory, admission, and billing information from affiliated patient care locations. All admissions, medication orders and dispensing, laboratory orders and specimens are date and time stamped, providing a temporal relationship between treatment patterns and clinical information. Oracle has established Health Insurance Portability and Accountability Act-compliant operating policies to establish de-identification for Oracle Health Real-World Data.*

In the event You seek to publish or disseminate the results of research using the Aggregated Data, You consent to Oracle publishing such results on publicly available websites and release Oracle from any liability resulting from the use of the publications in accordance with the terms of this provision.

You will not publish or disseminate the results of the research if such research contains all or a material portion of the Aggregated Data.

**2.6 Data Privacy and Security.** The terms of this Schedule only apply to Your Use and Exchange of Data via the Oracle Learning Health Network.

**2.7 DOJ Bulk Data Security Regulations.** You are prohibited from engaging or attempting to engage in, or permitting others to engage or attempt to engage in the following: (a) selling, licensing of access to, or other similar commercial transactions, such as reselling, sub-licensing, leasing, or transferring in return for valuable consideration, the Oracle Health Real-World Data or any part thereof, to countries of concern or covered persons, as defined in 28 CFR part 202; Where You know or suspect that a country of concern or covered person has gained access to the Oracle Health Real-World Data through a data brokerage transaction, You will immediately notify Oracle in writing. Failure to comply with the above will constitute a breach of this Schedule and may constitute a violation of 28 CFR part 202.

**2.8 Export Regulation.** The Oracle Health Real-World Data may be subject to US and applicable export control laws and regulations, including the Export Control Reform Act and its associated regulations. Licensee shall comply with all such export control laws and regulations and will not, directly or indirectly, export, re-export, or release the Oracle Health Real-World Data to, or make the Oracle Health Real-World Data accessible from, any jurisdiction or country to which export (including "deemed export") or release is prohibited by law, rule, or regulation. Oracle may terminate the agreement without liability in the event of a legal or regulatory

update which would prevent Oracle from being able to reasonably provide the Oracle Health Real-World Data to the client.

### 3. COMMERCIAL TERMS

- 3.1. **Orders.** The parties will enter into one or more Ordering Document(s) that reference this Schedule and set forth specific pricing and details for the Services. Each Ordering Document shall include: (i) pricing and payment terms, (ii) a solution detail description, and (iii) metrics and limits on the scope of use of the Services.
- 3.2. **Additional Considerations.**
- a) Users must use the domain responsibly, limiting queries to reasonable processing times and reducing the chance of creating system unavailability to other Users.
  - b) You understand that User queries will be visible to other Users when the Environment is shared.
  - c) Given various Users may view Your activities with the Environment (including User queries), it is Your responsibility to promptly investigate any intellectual property protections necessary for Your ideas and information present in the Environment.
  - d) The Environment and Oracle Health Real-World Data are made available on an AS-IS and AS-Available basis.
  - e) Analytics consulting services are not included in this Schedule.

### 4. WARRANTY, INDEMNITY AND LIABILITY LIMITATION

#### 4.1 **Warranties.**

4.1.1 **Authorization.** You warrant that as of the Effective Date and on an ongoing basis for the term of the Schedule that:

- (i) You have all appropriate and necessary consents and authorizations to enable the Use and Exchange of Data as set forth under this Schedule. You agree and acknowledge that Oracle facilitates all Exchanges solely at Your direction and that Oracle shall have no liability for the action or inaction of any Data Recipient. Oracle makes no representations regarding any Data Recipient's right to receive the Data through the Oracle Learning Health Network or regarding any ongoing use, disclosure, or protection of the Data by any Data Recipient.
- (ii) You are not a party to any agreement that purports to transfer to a third party any proprietary rights in the Services, Aggregated Data, portions thereof, or derivative works made therefrom.

4.1.2 **Compliance with Laws.** Each party agrees that it will comply with all applicable laws, rules and regulations.

4.1.3 **Services Warranty.** Oracle warrants that it will perform Services with reasonable care and skill.

4.1.4 **Disclaimer.** Except as explicitly provided above, De-identified Data, Aggregated Data and Services provided hereunder are furnished on an "AS IS" basis. THE FOREGOING WARRANTIES ARE IN LIEU OF, AND EACH PARTY DISCLAIMS, ALL OTHER WARRANTIES, BOTH EXPRESS AND IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE; ANY WARRANTY ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE; AND ANY IMPLIED WARRANTY OF NON-INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS.

4.2 **Indemnity.** In addition to the indemnities set forth in the Agreement, each party will defend, indemnify and hold the other party and its officers, directors, employees and agents harmless against Third-Party Claims

and associated costs and expenses (including reasonable attorney's fees) to the extent arising out of the indemnifying party's breach of its warranties under Paragraph 4.1.1 or 4.1.2 above.

- 4.3 **Limitation of Liability.** EXCEPT FOR YOUR BREACH OF YOUR OBLIGATIONS UNDER SECTION 4.1 OR A PARTY'S INDEMNIFICATION OBLIGATIONS, NEITHER PARTY IS LIABLE FOR ANY SPECIAL INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES BASED UPON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER LEGAL THEORY. Notwithstanding any other provision herein, Oracle's maximum liability for all claims arising under this Schedule is limited to \$250,000.

## 5. GENERAL PROVISIONS

- 5.1 **Fees.** Unless otherwise set forth in an Ordering Document, each party will bear its own costs and expenses in conjunction with performing its responsibilities under this Schedule.
- 5.2 **Term and Termination.** This Schedule remains effective unless terminated by either party. Either party may terminate this Schedule or any Exchange Authorization, at any time without cause, by providing at least thirty (30) days written notice to the other party of such termination. Either party may terminate this Schedule or any Exchange Authorization if the other party materially breaches the Schedule or Exchange Authorization, as applicable, provided that the non-breaching party sends a written notice of termination to the breaching party specifying each breach with reasonable specificity. This Schedule will be terminated thirty (30) days following the delivery of such notice unless during such thirty-day period the breaching party cures each breach.
- 5.3 **Use of Name.** You grant to Oracle the right to use Your name and corporate logo as a member of the Learning Health Network and contributor to Oracle Health Real-World Data. Such uses may include, but are not limited to, responding to a request for proposal or marketing material presented to prospective Oracle clients or Learning Health Network Members.

## 6. DEFINITIONS

- 6.1 **Business Associate Agreement or "BAA"** means the BAA between the parties.
- 6.2 **Contributor** means any customer, including You, that provides PHI and/or De-identified Data to Cerner, Oracle, or their affiliate pursuant to an agreement between that customer and affiliate.
- 6.3 For purposes of this Schedule, in addition to the information described as Confidential Information in the Agreement, **"Conditional Information"** shall also include research opportunities presented through the Oracle Learning Health Network, Aggregated Data, and all non-public information related to the Oracle Learning Health Network.
- 6.4 **Data Recipient** means third parties to whom You have a legal right or obligation to Exchange the Data.
- 6.5 **Exchange** means the sharing, transmission, access, use, disclose, and other exchange of Data with a Data Recipient.
- 6.6 **Exchange Authorization** means an authorization, the form of which is attached hereto as Exhibit A, which You are required to execute to facilitate an Exchange under this Schedule.
- 6.7 **Protected Health Information** means protected health information, as defined by 45 C.F.R. 160.103.
- 6.8 **Use** means the employment, application, utilization, examination, or analysis of Data.
- 6.9 **User** means each of Your employees and consultants (subject to prior approval as set forth in Section 2.2. above) who have a need to access the Services and Aggregated Data to adequately perform its responsibilities in connection with this schedule.

**EXHIBIT A**  
**EXCHANGE AUTHORIZATION**

|   |  |
|---|--|
| <b>Client:</b>                            |  |
| <b>Data Recipient:</b>                    |  |
| <b>Data to be Exchanged:</b>              |  |
| <b>Data Sources:</b>                      |  |
| <b>Form of Data Exchange (Structure):</b> |  |
| <b>Frequency of the Exchange:</b>         |  |
| <b>Start Date of the Exchange:</b>        |  |
| <b>Purpose of the Exchange:</b>           |  |

Data will be Exchanged pursuant to this Exchange Authorization until this Exchange Authorization is revoked by You in writing.



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

January 21, 2026

**Subject:** Proposed Rental Agreement and Addenda with UBEO West, LLC to establish new terms and conditions for future purchases

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

**Summary:**

Kern Medical requests that your Board approve the proposed rental agreement and addenda with UBEO West, LLC to establish new terms and conditions for future purchases. The current rental agreement (064-2024) and the supplement we used to extend the contract are now over six (6) years old, and due to regulatory changes, some language needs to be updated before the finance company will allow us to purchase/rent any more equipment.

These additional terms are a recent requirement by the finance company to be applied to any future purchases/rentals.

Counsel is unable to approve as to form due to non-standard terms which include late charges, vague effective date, early termination penalties, attorney fees for prevailing party, waiver of jury trial, limitation of liability, and no liability for third party suppliers. Efforts were made to negotiate with the vendor, but to no avail.

Therefore, it is recommended that your Board approve the proposed Value Rental Agreement with UBEO West, LLC to update the agreement language at the request of the finance company at no cost, and authorize the Chairman to sign,


**3131 Esplanade • Chico, CA 95973 • Phone: 530.343.6065 • Fax: 530.343.9470**

The words "User," "Lessee," "you" and "your" refer to **Customer**. The words "Owner," "Lessor," "we," "us" and "our" refer to **UBEO West, LLC**.

**CUSTOMER INFORMATION**

|  |                    |                     |  |     |
|--|--------------------|---------------------|--|-----|
| FULL LEGAL NAME<br><b>KERN COUNTY HOSPITAL AUTHORITY</b> |                    |                     | STREET ADDRESS<br><b>1700 Mount Vernon Ave</b> |     |
| CITY<br><b>Bakersfield</b>                               | STATE<br><b>CA</b> | ZIP<br><b>93306</b> | PHONE<br><b>(661) 326-2000</b>                 | FAX |
| BILLING NAME (IF DIFFERENT FROM ABOVE)                   |                    |                     | BILLING STREET ADDRESS                         |     |
| CITY   | STATE              | ZIP                 | E-MAIL   |     |
| EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE)             |                    |                     |  |     |

**EQUIPMENT DESCRIPTION**

| MAKE/MODEL/ACCESSORIES | SERIAL NO. | STARTING METER | NOT FINANCED<br>UNDER THIS<br>AGREEMENT |
|------------------------|------------|----------------|---|
|                        |            |                | <input type="checkbox"/>                |
|                        |            |                | <input type="checkbox"/>                |
|                        |            |                | <input type="checkbox"/>                |
|                        |            |                | <input type="checkbox"/>                |
|                        |            |                | <input type="checkbox"/>                |
|                        |            |                | <input type="checkbox"/>                |
|                        |            |                | <input type="checkbox"/>                |
|                        |            |                | <input type="checkbox"/>                |

☐ See attached Schedule A

☐ See attached Billing Schedule

**TERM AND PAYMENT INFORMATION**

|   |   |                               |
|---|---|-------------------------------|
| <u>63</u> Payments* of \$ <u>0.00</u>                                 | <i>If you are exempt from sales tax, attach your certificate.</i> | <i>*plus applicable taxes</i> |
| The payment ("Payment") period is monthly unless otherwise indicated. |   |                               |
| Payment includes <u>0</u> B&W images per month                        | Overages billed at \$ <u>\$0.00000</u>                            | per B&W image*                |
| Payment includes <u>0</u> General Color images per month              | Overages billed at \$ <u>\$0.00000</u>                            | per General Color image*      |
| Payment includes Pro. Color images per month                          | Overages billed at \$ _____                                       | per Pro. Color image*         |
| Payment includes scans per month                                      | Overages billed at \$ _____                                       | per scan*                     |

Please check one: **Meter Readings verified:** ☐ Monthly ☐ Quarterly ☐ Other: \_\_\_\_\_ (If nothing is selected, then Quarterly will be your Meter Reading option.)

**Upon acceptance of the Equipment, THIS AGREEMENT IS NONCANCELABLE, IRREVOCABLE AND CANNOT BE TERMINATED.**
**OWNER ACCEPTANCE**

|                       |           |       |       |
|-----------------------|-----------|-------|-------|
| <b>UBEO West, LLC</b> |           |       |       |
| OWNER                 | SIGNATURE | TITLE | DATED |

**CUSTOMER ACCEPTANCE**
**BY SIGNING BELOW OR AUTHENTICATING AN ELECTRONIC RECORD HEREOF, YOU CERTIFY THAT YOU HAVE REVIEWED AND DO AGREE TO ALL TERMS AND CONDITIONS OF THIS AGREEMENT ON THIS PAGE AND ON PAGE 2 ATTACHED HERETO.**

|                                       |                 |                              |                  |
|---------------------------------------|-----------------|------------------------------|------------------|
| <b>KERN COUNTY HOSPITAL AUTHORITY</b> | <b>X</b>        | Chairman, Board of Governors | January 21, 2026 |
| CUSTOMER (as referenced above)        | SIGNATURE       | TITLE                        | DATED            |
|                                       | Phil McLaughlin |                              |                  |
| FEDERAL TAX I.D. #                    | PRINT NAME      |                              |                  |

**TERMS AND CONDITIONS (Continued on Page 2)**

**1. AGREEMENT:** You agree to rent from us the goods, together with all replacements, parts, repairs, additions, and accessions incorporated therein or attached thereto and any and all proceeds of the foregoing, including, without limitation, insurance recoveries ("Equipment") and, if applicable, finance certain software, software license(s), software components and/or professional services in connection with software (collectively, the "Financed Items," which are included in the word "Equipment" unless separately stated) from software licensor(s) and/or supplier(s) (collectively, the "Supplier"), all as described in this Agreement and in any attached schedule, addendum or amendment hereto ("Agreement"). You represent and warrant that you will use the Equipment for business purposes only. You agree to all of the terms and conditions contained in this Agreement, which, with the acceptance certification, is the entire agreement between you and us regarding the Equipment and which supersedes any purchase order, invoice, request for proposal, response or other related document. This Agreement becomes valid upon execution by us. In order to facilitate an orderly transition, the start date of this Agreement will be the date the Equipment is delivered to you or a date designated by us, as shown on the first invoice. If a later start date is designated, in addition to all Payments and other amounts due hereunder, you agree to pay us a transitional payment equal to 1/30th of the Payment, multiplied by the number of days between the date the Equipment is delivered to you and the designated start date. The first Payment is due 30 days after the start of this Agreement and each Payment thereafter shall be due on the same day of each month. In addition, should this Agreement replace a previous UBEO West, LLC generated equipment rental, a CLOSING BILL on the agreement being replaced, up to the installation date of the new equipment, will be sent approximately (10) days after delivery of the new equipment. You agree to pay this CLOSING BILL charges as they represent valid charges for product and services provided under the prior agreement up to the installation date of the new equipment. If any provision of this Agreement is declared unenforceable, the other provisions herein shall remain in full force and effect to the fullest extent permitted by law.

**2. OWNERSHIP; PAYMENTS; TAXES AND FEES:** We own the Equipment, excluding any Financed Items. Ownership of any Financed Items shall remain with Supplier thereof. You will pay all Payments, as adjusted, when due, without notice or demand and without abatement, set-off, counterclaim or deduction of any amount whatsoever. If any part of a Payment is more than 5 days late, you agree to pay a late charge of 10% of the Payment which is late or, if less, the maximum charge allowed by law. The Payment may be adjusted proportionately upward or downward: (i) if the shipping charges or taxes differ from the estimate given to you; and/or (ii) to comply with the tax laws of the state in which the Equipment is located. You shall pay all applicable taxes, assessments and penalties related to this Agreement, whether levied or assessed on this Agreement, on us (except on our income) or you, or on the Equipment, its rental, sale, ownership, possession, use or operation. If we pay any taxes or other expenses that are owed hereunder, you agree to reimburse us when we request. You agree to pay us a yearly processing fee of up to \$50 for personal property taxes we pay related to the Equipment. You agree to pay us a fee of up to \$50 for filing and/or searching costs required under the Uniform Commercial Code ("UCC") or other laws. You agree to pay us an origination fee of \$125 for all closing costs. We may apply all sums received from you to any amounts due and owed to us under the terms of this Agreement. If for any reason your check is returned for insufficient funds, you will pay us a service charge of \$30 or, if less, the maximum charge allowed by law. We may make a profit on any fees, estimated tax payments and other charges paid under this Agreement.

3. **EQUIPMENT; SECURITY INTEREST:** At your expense, you shall keep the Equipment: (i) in good repair, condition and working order, in compliance with applicable laws, ordinances and manufacturers' and regulatory standards; (ii) free and clear of all liens and claims; and (iii) at your address shown on page 1, and you agree not to move it unless we agree in writing. You grant us a security interest in the Equipment to secure all amounts you owe us under this Agreement or any other agreement with us ("Other Agreements"), except amounts under Other Agreements which are secured by land and/or buildings. You authorize and ratify our filing of any financing statement(s) to show our interest. You will not change your name, state of organization, headquarters or residence without providing prior written notice to us. You will notify us within 30 days if your state of organization revokes or terminates your existence.

4. **INSURANCE; COLLATERAL PROTECTION; INDEMNITY; LOSS OR DAMAGE:** You agree to keep the Equipment fully insured against all risk, with us named as lender's loss payee, in an amount not less than the full replacement value of the Equipment until this Agreement is terminated. You also agree to maintain commercial general liability insurance with such coverage and from such insurance carrier as shall be satisfactory to us and to include us as an additional insured on the policy. You will provide written notice to us within 10 days of any modification or cancellation of your insurance policy(s). You agree to provide us certificates or other evidence of insurance acceptable to us. If you do not provide us with acceptable evidence of property insurance within 30 days after the start of this Agreement, we may, at our sole discretion, to do so as provided in either (A) or (B) below, as determined in our discretion: (A) We may obtain insurance covering our interest (and only our interest) in the Equipment for the Agreement term and renewals. Any insurance we obtain will not insure you against third party or liability claims and may be cancelled by us at any time. You may be required to pay us an additional amount each month for the insurance premium and an administrative fee. The cost may be more than the cost of obtaining your own insurance; or (B) We may charge you a monthly property damage surcharge of up to .0035 of the Equipment cost as a result of our credit risk and administrative and other costs, as would be further described on a letter from us to you. We may make a profit on this program. **NOTHING IN THIS PARAGRAPH WILL RELIEVE YOU OF RESPONSIBILITY FOR LIABILITY INSURANCE ON THE EQUIPMENT.** We are not responsible for, and you agree to hold us harmless and reimburse us for and to defend on our behalf against, any claim for any loss, expense, liability or injury caused by or in any way related to delivery, installation, possession, ownership, renting, manufacture, use, condition, inspection, removal, return or storage of the Equipment. All indemnities will survive the expiration or termination of this Agreement. You are responsible for any loss, theft, destruction or damage to the Equipment ("Loss"), regardless of cause, whether or not insured. You agree to promptly notify us in writing of any Loss. If a Loss occurs and we have not otherwise agreed in writing, you will promptly pay to us the unpaid balance of this Agreement, including any future Payments to the end of the term plus the anticipated residual value of the Equipment, both discounted to present value at 2%. Any proceeds of insurance will be paid to us and credited against the Loss. You authorize us to sign on your behalf and appoint us as your attorney-in-fact to endorse in your name any insurance drafts or checks issued due to a Loss.

5. **ASSIGNMENT: YOU SHALL NOT SELL, TRANSFER, ASSIGN, ENCUMBER, PLEDGE OR SUBRENT THE EQUIPMENT OR THIS AGREEMENT, without our prior written consent which will not be unreasonably withheld.** You shall not consolidate or merge with or into any other entity, distribute, sell or dispose of all or any substantial portion of your assets other than in the ordinary course of business, without our prior written consent, and the surviving, or successor entity or the transferee of such assets, as the case may be, shall assume all of your obligations under this Agreement by a written instrument acceptable to us. No event shall occur which causes or results in a transfer of majority ownership of you while any obligations are outstanding hereunder. We may sell, assign, or transfer this Agreement without notice to or consent from you. You agree that if we sell, assign or transfer this Agreement, our assignee will have the same rights and benefits that we have now and will not have to perform any of our obligations. **You agree that our assignee will not be subject to any claims, defenses, or offsets that you may have against us.** This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns.

6. **DEFAULT AND REMEDIES:** You will be in default if: (i) you do not pay any Payment or other sum due to us or you fail to perform in accordance with the covenants, terms and conditions of this Agreement or any other agreement with us or any of our affiliates or fail to perform or pay under any material agreement with any other entity; (ii) you make or have made any false statement or misrepresentation to us; (iii) you or any guarantor dies, dissolves, liquidates, terminates existence or is in bankruptcy; (iv) you or any guarantor suffers a material adverse change in its financial, business or operating condition; or (v) any guarantor defaults under any guaranty for this Agreement. If you are ever in default, at our option, we can cancel this Agreement and require that you pay the unpaid balance of this Agreement, including any future Payments to the end of term plus the anticipated residual value of the Equipment, both discounted to present value at 2%. We may recover default interest on any unpaid amount at the rate of 12% per year. Concurrently and cumulatively, we may also use any remedies available to us under the UCC and any other law and we may require that you immediately stop using any Financed Items. If we take possession of the Equipment, you agree to pay the costs of repossession, moving, storage, repair and sale. The net proceeds of the sale of any Equipment will be credited against what you owe us under this Agreement and you will be responsible for any deficiency. In the event of any dispute or enforcement of our rights under this Agreement or any related agreement, you agree to pay our reasonable attorneys' fees (including any incurred before or at trial, on appeal or in any other proceeding), actual court costs and any other collection costs, including any collection agency fee. **WE SHALL NOT BE RESPONSIBLE TO PAY YOU ANY CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES FOR ANY DEFAULT, ACT OR OMISSION BY ANYONE.** Any delay or failure to enforce our rights under this Agreement will not prevent us from enforcing any rights at a later time. You agree that this Agreement is a "Finance Lease" as defined by Article 2A of the UCC and your rights and remedies are governed exclusively by this Agreement. You waive all rights under sections 2A-508 through 522 of the UCC. If interest is charged or collected in excess of the maximum lawful rate, we will refund such excess to you, which will be your sole remedy.

7. **INSPECTIONS AND REPORTS:** We have the right, at any reasonable time, to inspect the Equipment and any documents relating to its installation, use, maintenance and repair. Within 30 days after our request (or such longer period as provided herein), you will deliver all requested information (including tax returns) which we deem reasonably necessary to determine your current financial condition and faithful performance of the terms hereof. This may include: (i) compiled, reviewed or audited annual financial statements (including, without limitation, a balance sheet, a statement of income, a statement of cash flow, a statement of changes in equity and notes to financial statements) within 120 days after your fiscal year end, and (ii) management-prepared interim financial statements within 45 days after the requested reporting period(s). Annual statements shall set forth the corresponding figures for the prior fiscal year in comparative form, all in reasonable detail without any qualification or exception deemed material by us. Unless otherwise accepted by us, each financial statement shall be prepared in accordance with generally accepted accounting principles consistently applied and shall fairly and accurately present your financial condition and results of operations for the period to which it pertains. You authorize us to obtain credit bureau reports for credit and collection purposes and to share them with our affiliates and agents.

8. **END OF TERM:** At the end of the initial term, this Agreement shall renew for successive 12-month renewal term(s) under the same terms hereof unless you send us written notice between 90 and 150 days before the end of the initial term or at least 30 days before the end of any renewal term that you want to return the Equipment, and you timely return the Equipment. You shall continue making Payments and paying all other amounts due until the Equipment is returned. As long as you have given us the required written notice, you will return all of the Equipment to a location we specify, at your expense, in retail re-saleable condition, full working order and complete repair. At the end of the term or upon repossession of the Equipment after a default, you agree to pay us a minimum return fee of \$250, which will cover up to 10 units of returned Equipment and will not be prorated, and in addition, a supplemental return fee of up to \$50 per each unit of returned Equipment in excess of 10 units (collectively, the "Return Fee"). If, in our sole discretion, we allow you to return any Equipment prior to the end of the term, you shall pay us the Return Fee each time you return Equipment. **YOU ARE SOLELY RESPONSIBLE FOR REMOVING ANY DATA THAT MAY RESIDE IN THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO HARD DRIVES, DISK DRIVES OR ANY OTHER FORM OF MEMORY.**

9. **USA PATRIOT ACT NOTICE; ANTI-TERRORISM AND ANTI-CORRUPTION COMPLIANCE:** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each customer who opens an account. When you enter into a transaction with us, we ask for your business name, address and other information that will allow us to identify you. We may also ask to see other documents that substantiate your business identity. You and any other person who you control, own a controlling interest in, or who owns a controlling interest in or otherwise controls you in any manner ("Representatives") are and will remain in full compliance with all laws, regulations and government guidance concerning foreign asset control, trade sanctions, embargoes, and the prevention and detection of money laundering, bribery, corruption, and terrorism, and neither you nor any of your Representatives is or will be listed in any Sanctions-related list of designated persons maintained by the U.S. Department of Treasury's Office of Foreign Assets Control or successor or the U.S. Department of State. You shall, and shall cause any Representative to, provide such information and take such actions as are reasonably requested by us in order to assist us in maintaining compliance with anti-money laundering laws and regulations.

10. **MISCELLANEOUS:** Unless otherwise stated in an addendum hereto, the parties agree that: (i) this Agreement and any related documents hereto may be authenticated by electronic means; (ii) the "original" of this Agreement shall be the copy that bears your manual, facsimile, scanned or electronic signature and that also bears our manually or electronically signed signature and is held or controlled by us; and (iii) to the extent this Agreement constitutes chattel paper (as defined by the UCC), a security interest may only be created in the original. You agree not to raise as a defense to the enforcement of this Agreement or any related documents that you or we executed or authenticated such documents by electronic or digital means or that you used facsimile or other electronic means to transmit your signature on such documents. Notwithstanding anything to the contrary herein, we reserve the right to require you to sign this Agreement or any related documents hereto manually and to send to us the manually signed, duly executed documents via overnight courier on the same day that you send us the facsimile, scanned or electronic transmission of the documents. You agree to execute any further documents that we may request to carry out the intents and purposes of this Agreement. Whenever our consent is required, we may withhold or condition such consent in our sole discretion, except as otherwise expressly stated herein. From time to time, Supplier may extend to us payment terms for Equipment financed under this Agreement that are more favorable than what has been quoted to you or the general public, and we may provide Supplier information regarding this Agreement if Supplier has assigned or referred it to us. All notices shall be mailed or delivered by facsimile transmission or overnight courier to the respective parties at the addresses shown on this Agreement or such other address as a party may provide in writing from time to time. By providing us with a telephone number for a cellular phone or other wireless device, including a number that you later convert to a cellular number, you are expressly consenting to receiving communications, including but not limited to prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system, from us and our affiliates and agents at that number. This express consent applies to each such telephone number that you provide to us now or in the future and permits such calls for non-marketing purposes. Calls and messages may incur access fees from your cellular provider. You authorize us to make non-material amendments (including completing and conforming the description of the Equipment) on any document in connection with this Agreement. Unless stated otherwise herein, all other modifications to this Agreement must be in writing and signed by each party or in a duly authenticated electronic record. This Agreement may not be modified by course of performance.

11. **WARRANTY DISCLAIMERS:** WE ARE RENTING THE EQUIPMENT TO YOU "AS-IS." YOU HAVE SELECTED SUPPLIER AND THE EQUIPMENT BASED UPON YOUR OWN JUDGMENT. IN THE EVENT WE ASSIGN THIS AGREEMENT, OUR ASSIGNEE DOES NOT TAKE RESPONSIBILITIES FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT. SUPPLIER IS NOT AN AGENT OF OURS AND WE ARE NOT AN AGENT OF SUPPLIER, AND NOTHING SUPPLIER STATES OR DOES CAN AFFECT YOUR OBLIGATIONS HEREUNDER. **YOU WILL MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST ANY SUPPLIER, LICENSOR OR MANUFACTURER, AND ANY FAILURE OF A SERVICE PROVIDER TO PROVIDE SERVICES WILL NOT EXCUSE YOUR OBLIGATIONS TO US UNDER THIS AGREEMENT. WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, OF, AND TAKE ABSOLUTELY NO RESPONSIBILITY FOR, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, CONDITION, QUALITY, ADEQUACY, TITLE, DATA ACCURACY, SYSTEM INTEGRATION, FUNCTION, DEFECTS, INFRINGEMENT OR ANY OTHER ISSUE IN REGARD TO THE EQUIPMENT, ANY ASSOCIATED SOFTWARE AND ANY FINANCED ITEMS.** SO LONG AS YOU ARE NOT IN DEFAULT UNDER THIS AGREEMENT, WE ASSIGN TO YOU ANY WARRANTIES IN THE EQUIPMENT GIVEN TO US.

12. **LAW; JURY WAIVER:** This Agreement will be governed by and construed in accordance with the law of the principal place of business of Owner or, if assigned, its assignee. You consent to jurisdiction and venue of any state or federal court in the state of the Owner or, if assigned, its assignee has its principal place of business and waive the defense of inconvenient forum. For any action arising out of or relating to this Agreement or the Equipment, **BOTH PARTIES WAIVE ALL RIGHTS TO A TRIAL BY JURY.**

13. **MAINTENANCE AND SUPPLIES:** You have elected to enter into a separate arrangement with Supplier for maintenance, inspection, adjustment, parts replacement, drums, cleaning material required for proper operation and toner and developer ("Arrangement"). You agree to pay all amounts owing under this Agreement regardless of any claim you have against Supplier relating to the Arrangement. Supplier will be solely responsible for performing all services and providing all supplies under the Arrangement. You agree not to hold Owner (if different from Supplier) or any assignee of this Agreement responsible for Supplier's obligations under the Arrangement. As a convenience to you, we will provide you with one invoice covering amounts owing under this Agreement and the Arrangement. If necessary, Supplier's obligations to you under the Arrangement may be assigned by us. You have been informed that a surge protector is recommended to protect your electronic investment from harmful high voltage power disturbances. Said surge protectors should have network protection when connected in a network environment. Units that provide network protection are available through UBEO West, LLC. You are responsible for providing manufacturer recommended adequate power supply. Check one of the following: ☐ Purchased ☐ Has existing ☐ Declined and will be responsible for damage caused by not having a surge protector. You agree to pay a monthly supply freight fee to cover the costs of shipping supplies to you. An image/scan is equal to a single sided 8.5" x 11" copy or print. Each month, you are entitled to produce the minimum number of images/scans shown on page 1 of this Agreement for each applicable image/scan type. Regardless of the number of images/scans made, you will never pay less than the minimum Payment. You agree to provide periodic meter readings on the Equipment. If at any time during the term of this Agreement meter readings are not collected electronically there will be a \$5 fee assessed per device, per month for the term of this Agreement or until the meter readings are set-up electronically. You agree to pay the applicable overage charge for each metered image/scan that exceeds the applicable minimum number of images/scans. Images/scans made on equipment marked as not financed under this Agreement will be included in determining your image/scan and overage charges. At the end of the first year of this Agreement, and once each successive 12-month period thereafter, the maintenance and supplies portion of the Payment and the overage charges may be increased by a maximum of 15% of the existing payment or charge. If you have multiple devices at the installation address, which use the same supplies provided under this Agreement, all devices using the same supplies must be covered under an active agreement with Supplier. UBEO West, LLC agrees not to disclose any customer information to manufacturers or competitors that is not required by law.

14. **EXCLUSIONS:** Maintenance service under the Arrangement is contingent upon proper use of the device. The Arrangement does not include: a) Repairs resulting from causes other than normal use; your willful act, use of any paper stock that does not meet device specifications, negligence or misuse including, without limitation, damage to any part or mechanisms and/or use or supplies or spare parts not manufactured and/or use or supplies or spare parts not manufactured by the original equipment manufacturer and which cause abnormally high service calls or service problems; accident, transportation, failure of electrical power, air conditioning or humidity control related problems, acts of nature (fire, flood, etc.), theft, or any other unusual circumstance. b) Repairs made necessary by service performed by personnel other than UBEO West, LLC representative. c) Work which you request to be performed outside regular business hours. d) Reconditioning or modification to the Equipment except those specified by UBEO West, LLC's Technical Service Department to assure greater performance of the Equipment. e) Any and all work related to data flow between the covered device and your computers, software or computer network; or work on your computers, software or computer network independent of the Equipment. f) Repairs to the Equipment that is past the manufacturer's end of service life.

# STATE AND LOCAL GOVERNMENT & TERMS AND CONDITIONS ADDENDUM

## AGREEMENT # 3195188

Addendum to Agreement # 3195188 and any future supplements/schedules thereto, between KERN COUNTY HOSPITAL AUTHORITY, as Customer and UBEO West, LLC, as Owner. The words "you" and "your" refer to Customer. The words "we" and "us" refer to Owner.

### 1. The parties wish to amend the above-referenced Agreement by adding the following language:

**REPRESENTATIONS AND WARRANTIES OF CUSTOMER:** You hereby represent and warrant to us that: (i) you have been duly authorized under the Constitution and laws of the applicable jurisdiction and by a resolution or other authority of your governing body to execute and deliver this Agreement and to carry out your obligations hereunder; (ii) all legal requirements have been met, and procedures have been followed, including public bidding, in order to ensure the enforceability of this Agreement; (iii) this Agreement is in compliance with all laws applicable to you, including any debt limitations or limitations on interest rates or finance charges; (iv) the Equipment will be used by you only for essential governmental or proprietary functions of you consistent with the scope of your authority, will not be used in a trade or business of any person or entity, by the federal government or for any personal, family or household use, and your need for the Equipment is not expected to diminish during the term of this Agreement; (v) you have funds available to pay Payments until the end of your current appropriation period, and you intend to request funds to make Payments in each appropriation period, from now until the end of the term of this Agreement; and (vi) your exact legal name is as set forth on page one of this Agreement.

**INITIAL TERM AND RENEWAL TERM(S):** The term of the Agreement consists of an initial term beginning on the date we pay Supplier and ending at the end of your fiscal year in which we pay Supplier, and a series of renewal terms, each co-extensive with your fiscal year. Except to the extent required by applicable law, if you do not exercise your right to terminate the Agreement under the Non-Appropriation or Renewal paragraph as of the end of any fiscal year, the Agreement will be deemed automatically renewed for the next succeeding renewal term.

An election by you to terminate the Agreement under the Non-Appropriation or Renewal paragraph is not a default.

Notwithstanding anything to the contrary set forth in the Agreement, if we cancel the Agreement following a default by you, we may require that you pay the unpaid balance of Payments under the Agreement through the end of your then-current fiscal year, but we may not require you to pay future Payments due beyond that fiscal year or the anticipated residual value of the Equipment. If we sell the Equipment following a default by you, you will not be responsible for a deficiency, except to the extent of our costs of repossession, moving, storage, repair and sale, and our attorneys' fees and costs.

**NON-APPROPRIATION OR RENEWAL:** If either sufficient funds are not appropriated to make Payments or any other amounts due under this Agreement or (to the extent required by applicable law) this Agreement is not renewed either automatically or by mutual ratification, this Agreement shall terminate and you shall not be obligated to make Payments under this Agreement beyond the then-current fiscal year for which funds have been appropriated. Upon such an event, you shall, no later than the end of the fiscal year for which Payments have been appropriated or the term of this Agreement has been renewed, deliver possession of the Equipment to us. If you fail to deliver possession of the Equipment to us, the termination shall nevertheless be effective but you shall be responsible, to the extent permitted by law and legally available funds, for the payment of damages in an amount equal to the portion of Payments thereafter coming due that is attributable to the number of days after the termination during which you fail to deliver possession and for any other loss suffered by us as a result of your failure to deliver possession as required. You shall notify us in writing within seven days after (i) your failure to appropriate funds sufficient for the payment of the Payments or (ii) to the extent required by applicable law, (a) this Agreement is not renewed or (b) this Agreement is renewed by you (in which event this Agreement shall be mutually ratified and renewed), provided that your failure to give any such notice under clause (i) or (ii) of this sentence shall not operate to extend this Agreement or result in any liability to you.

**SUPPLEMENTS; SEPARATE FINANCINGS:** To the extent applicable, in the event that the parties hereafter mutually agree to execute and deliver any supplement or schedule ("Supplement") under the above-referenced Agreement, such Supplement,

as it incorporates the terms and conditions of the Agreement, shall be a separate financing distinct from the Agreement or other Supplements thereto. Without limiting the foregoing, upon the occurrence of an event of default or a non-appropriation event with respect to the Agreement or a Supplement (each, a separate "Contract"), as applicable, we shall have the rights and remedies specified in the Agreement with respect to the Equipment financed and the Payments payable under such Contract, and we shall have no rights or remedies with respect to Equipment financed or Payments payable under any other Contract unless an event of default or non-appropriation event has also occurred under such other Contract.

### 2. The parties wish to amend the above-referenced Agreement by restating certain language as follows:

Any provision in the Agreement stating that you shall indemnify and hold us harmless is hereby amended and restated as follows: "You shall not be required to indemnify or hold us harmless against liabilities arising from this Agreement. However, as between you and us, and to the extent permitted by law and legally available funds, you are responsible for and shall bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Equipment, including, but not limited to, the possession, ownership, lease, use or operation thereof, except that you shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after you have surrendered possession of the Equipment in accordance with the terms of this Agreement to us or that arise directly from our gross negligence or willful misconduct."

Any provision in the Agreement stating that the Agreement is governed by a particular state's laws and you consent to such jurisdiction and venue is hereby amended and restated as follows: "This Agreement will be governed by and construed in accordance with the laws of the state where you are located. You consent to jurisdiction and venue of any state or federal court in such state and waive the defense of inconvenient forum."

Any provision in the Agreement stating this Agreement supersedes any invoice and/or purchase order is hereby amended and restated as follows: "You agree that the terms and conditions contained in this Agreement, which, with the acceptance certification, is the entire agreement between you and us regarding the Equipment and which supersedes any purchase order, invoice, request for proposal, response or other related document."

Any provision in the Agreement stating that this Agreement shall automatically renew unless the Equipment is purchased, returned or a notice requirement is satisfied is hereby amended and restated as follows: "Unless the purchase option is \$1.00 or \$101.00, you agree to send us written notice at least 30 days before the end of the final renewal term that you want to purchase or return the Equipment, and you agree to so purchase or return the Equipment not later than the end of the final renewal term. If you fail to so purchase or return the Equipment at or before the end of the final renewal term, you shall be a holdover tenant with respect to this Agreement and the Equipment, and this Agreement shall renew on a month-to-month basis under the same terms hereof until the Equipment has been purchased or returned."

Any provision in the Agreement stating that we may assign this Agreement is hereby amended and restated as follows: "We may sell, assign, or transfer this Agreement without notice to or consent from you, and you waive any right you may have to such notice or consent."

Any provision in the Agreement stating that you grant us a security interest in the Equipment to secure all amounts owed to us under any agreement is hereby amended and restated as follows: "To the extent permitted by law, you grant us a security interest in the Equipment to secure all amounts you owe us under this Agreement and any supplements hereto. You authorize and ratify our filing of any financing statement(s) and the naming of us on any vehicle title(s) to show our interest."

Any provision in the Agreement stating that a default by you under any agreement with our affiliates or other lenders shall be an event of default under the Agreement

NOTE: CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.

The last sentence in this paragraph, as stated below, has been removed in its entirety:

"You authorize us to sign on your behalf and appoint us as your attorney-in-fact to endorse in your name any insurance drafts or checks issued due to a Loss."

Paragraph 6. DEFAULT AND REMEDIES:

Sentence 3 has been modified to read as follows:

"We may recover default interest, to the extent appropriated, on any unpaid amount at the rate of 8% per year."

Paragraph 13. MAINTENANCE AND SUPPLIES:

Sentence 20, as stated below, has been removed in its entirety:

"At the end of the first year of this Agreement, and once each successive 12-month period thereafter, the maintenance and supplies portion of the Payment and the overage charges may be increased by a maximum of 15% of the existing payment or charge."

By signing this Addendum, Customer acknowledges the applicable changes noted above are incorporated by reference into the Agreement. In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on Customer. In the event of any conflict between the terms and conditions of the Agreement and this Addendum, the terms and conditions of this Addendum shall control. Customer has caused this Addendum to be executed by its duly authorized officer as of the date below.

UBEO West, LLC

Owner

Signature

Title

Date

KERN COUNTY HOSPITAL AUTHORITY

Customer

X

Signature

Chairman, Board of Governors

Title

January 21, 2026

Date

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Shannon Hochstein  
Kern County Hospital Authority

NOTE: CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.

# CALIFORNIA JUDICIAL REFERENCE ADDENDUM

**AGREEMENT #**  
**3195188**

Addendum to Agreement # 3195188 and any future supplements/schedules thereto, between KERN COUNTY HOSPITAL AUTHORITY, as Customer and UBEO West, LLC, as Lessor/Secured Party ("Agreement"). The words "you" and "your" refer to Customer. The words "we," "us" and "our" refer to Lessor/Secured Party.

The parties wish to amend the above-referenced Agreement by adding the following language:

1. Any and all disputes, claims and controversies arising out of, connected with or relating to the Agreement or the transactions contemplated thereby (individually, a "Dispute") that are brought before a forum in which pre-dispute waivers of the right to trial by jury are invalid under applicable law shall be subject to the terms contained in this Addendum in lieu of the jury trial waiver otherwise provided in the Agreement. Disputes may include, without limitation, tort claims, counterclaims, claims brought as class actions, claims arising from schedules, supplements, exhibits or other documents to the Agreement executed in the future, disputes as to whether a matter is subject to judicial reference, or claims concerning any aspect of the past, present or future relationships arising out of or connected with the Agreement.
2. Any and all Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure ("CCCP") §§ 638 et seq. The referee shall be a retired California state court judge or an attorney licensed to practice law in the State of California with at least 10 years' experience practicing commercial law. The parties shall not seek to appoint a referee that may be disqualified pursuant to CCCP §641 or 641.2 without the prior written consent of all parties. If the parties are unable to agree upon a referee within 10 calendar days after one party serves a written notice of intent for judicial reference upon the other parties, then the referee will be selected by the court in accordance with CCCP § 640(b).
3. The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the CCCP, the Rules of Court, and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The decision of the referee shall be entered as a judgment in the court in accordance with the provisions of CCCP §§644 and 645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.
4. Notwithstanding the preceding agreement to submit Disputes to a judicial referee, the parties preserve, without diminution, certain rights and remedies at law or equity and under the Agreement that such parties may employ or exercise freely, either alone or in conjunction with or during a Dispute. Each party shall have and hereby reserves the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (A) all rights to foreclose against any real or personal property or other security by exercising a power of sale granted in the Agreement or under applicable law or by judicial foreclosure and sale, including a proceeding to confirm the sale, (B) all rights of self-help including peaceful occupation of property and collection of rents, setoff, and peaceful possession of property, (C) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and in filing an involuntary bankruptcy proceeding, and (D) when applicable, a judgment by confession of judgment. Preservation of these remedies does not limit the power of a judicial referee to grant similar remedies that may be requested by a party in a Dispute. No provision in the Agreement regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in this Addendum for judicial reference of any Dispute. The parties do not waive any applicable federal or state substantive law except as provided herein.
5. If a Dispute includes multiple claims, some of which are found not subject to this Addendum, the parties shall stay the proceedings of the claims not subject to this Addendum until all other claims are resolved in accordance with this Addendum. If there are Disputes by or against multiple parties, some of which are not subject to this Addendum, the parties shall sever the Disputes subject to this Addendum and resolve them in accordance with this Addendum.
6. During the pendency of any Dispute that is submitted to judicial reference in accordance with this Addendum, each of the parties to such Dispute shall bear equal shares of the fees charged and costs incurred by the referee in performing the services described in this Addendum. The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorneys' fees, expert witness fees, paralegal fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amount as is determined by the referee.
7. In the event of any challenge to the legality or enforceability of this Addendum, the prevailing party shall be entitled to recover the costs and expenses from the non-prevailing party, including reasonable attorneys' fees, incurred by it in connection therewith.
8. THIS ADDENDUM CONSTITUTES A "REFERENCE AGREEMENT" BETWEEN THE PARTIES WITHIN THE MEANING OF AND FOR PURPOSES OF CCCP § 638.

By signing this Addendum, Customer acknowledges the above changes to the Agreement and authorizes Lessor/Secured Party to make such changes. In the event of any conflict between this Addendum and the Agreement, this Addendum shall prevail. In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on Customer. This Addendum may be executed in multiple counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute one and the same agreement.

**UBEO West, LLC**

Lessor/Secured Party

Signature

Title

Date

**KERN COUNTY HOSPITAL AUTHORITY**

Customer

**X**

Signature

Chairman, Board of Governors

Title

January 21, 2026

Date

REVIEWED ONLY  
NOT APPROVED AS TO FORM  
By *Shannon Hochstein*  
Kern County Hospital Authority

## SELF-INSURED ADDENDUM (PROPERTY & LIABILITY)

**AGREEMENT #**

**3195188**

Addendum to Agreement # 3195188, between KERN COUNTY HOSPITAL AUTHORITY, as Customer and UBEO West, LLC, as Owner. The words "you" and "your" refer to Customer. The words "we," "us" and "our" refer to Owner. This Addendum is specific to the aforementioned Agreement # and shall not be incorporated into any future supplements/schedules thereto.

The parties wish to amend the above-referenced Agreement by adding the following language:

This Agreement imposes certain obligations on you with respect to maintaining property and liability insurance on the Equipment to cover risk of loss or damage to such Equipment and any liability caused by or in any way related to the Equipment. You have indicated to us that you will not carry property insurance or liability insurance from an insurance carrier. Rather, you will self-insure for property loss and liability by maintaining sufficient liquid assets and overall financial strength to fully cover such risks of loss, damage and/or liability caused by or in any way related to the Equipment.

You acknowledge and confirm that, notwithstanding the foregoing, you shall remain solely responsible for any and all risk of loss or damage to the Equipment and all liability caused by or in any way related to the Equipment, in accordance with the terms of this Agreement. Furthermore, upon any event of default or if we determine, at our sole discretion, that you do not have sufficient liquid assets or overall financial strength to adequately self-insure for property loss and/or liability, we reserve the right to require you to obtain: (1) a property insurance policy from an insurance carrier in an amount not less than the full replacement value of the Equipment with us named as lender's loss payee; and (2) a commercial general liability insurance policy with such coverage and from such insurance carrier as shall be satisfactory to us and to include us as additional insured on the policy.

By signing this Addendum, Customer acknowledges the above changes to the Agreement and authorizes Owner to make such changes. In the event of any conflict between this Addendum and the Agreement, this Addendum shall prevail. In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on Customer.

**UBEO West, LLC**

Owner

Signature

Title

Date

**KERN COUNTY HOSPITAL AUTHORITY**

Customer

**X**

Signature

Chairman, Board of Governors

Title

January 21, 2026

Date

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Shannon Hochstein  
Kern County Hospital Authority

NOTE: CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.



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

January 21, 2026

**Subject:** Proposed Agreement with Teleflex, LLC Medical Special pricing agreement

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

**Summary:**

Kern Medical requests your Board approve the proposed Teleflex Medical Special Pricing Agreement 107-2023 with Teleflex Medical LLC, for purchase of Urolift cartridge and kits in an amount not to exceed \$100,000. This device provides minimally invasive treatment of BPH, enlarged prostate. This proposed Agreement continues our currently relationship with the vendor and preferred by our surgeons. The agreement will be effective January 21, 2026 through January 21, 2027.

Counsel is unable to approve the terms as to form because they do not include indemnification, includes interest on late payments, and risk of loss of any product passes to the Authority upon shipment. Despite negotiations, counsel was unsuccessful in negotiating these terms.

Therefore, it is recommended that your Board approve the proposed Teleflex Medical Special Pricing Agreement 107-2023 with Teleflex LLC, for purchase agreement of Urolift cartridges and kits, effective January 21, 2026 through January 21, 2027, with a not to exceed amount of \$100,000, plus tax and shipping, and authorize the Chairman to sign.



April 8, 2025

Dear Kern Medical Center

This letter constitutes the Pricing Agreement ("Agreement") for the purchase of the UroLift® System between Customer and Teleflex LLC (Interventional Urology) ("Teleflex IUBU"). The discounted pricing is based upon a number of factors. From time to time, we will re-evaluate such factors and may make adjustments to this pricing, including an adjustment back to the list price or an additional criterion of volume commitment with 30 days written notice.

This Agreement constitutes an offer which must be accepted by Customer dating, executing, and returning a copy of this Agreement to the Teleflex IUBU Pricing Department at the notice address listed below on or before June 30, 2025. Subject to any re-evaluation, the pricing will be effective on the date that it has been fully executed by both parties ("Effective Date") through April 30, 2027. "Customer" means the entity named above and entities listed on Exhibit A, ("Customer Facilities").

The pricing below is effective until June 30, 2025

| CATALOG NO. | DESCRIPTION                                    | UOM | NUMBER OF UNITS/BOX | DISCOUNTED PRICE PER UNIT* |
|-------------|--|-----|---------------------|----------------------------|
| UL2-C       | UroLift® 2 - Implant Cartridge                 | EA  | 4                   | \$3,900.00                 |
| UL2-CHK     | UroLift® 2 - Cartridge Handle Kit              | EA  | 1                   | \$975.00                   |
| UL2ATC-C    | UroLift® 2 System with Advanced Tissue Control | EA  | 2                   | \$2,000.00                 |

\*Price does not include shipping or applicable tax, which will be added upon invoice.

#### AGREED AND ACCEPTED

**Kern Medical Center**  
(authorized representative)

**Teleflex LLC (Interventional Urology)**  
(authorized representative)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Phillip Jenkins  
Kern County Hospital Authority

**To Place an Order, Please Send a Purchase Order to:**

Teleflex, LLC (Interventional Urology)  
Attention: Customer Service  
Tel: +1 877.408.9628  
Fax: +1 925.401.0699  
email: [Uroliftcustomer@teleflex.com](mailto:Uroliftcustomer@teleflex.com)

Pricing email: [usple-pricing@teleflex.com](mailto:usple-pricing@teleflex.com)

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## United States

# Standard Terms and Conditions of Sale – Products

These standard terms and conditions of sale (“Terms”) apply to all orders received from and all sales made to customer (“Customer”) by Teleflex LLC (“Teleflex”), a Teleflex Incorporated company, for products (“Products”). Teleflex’s offer to sell Products to Customer, and Teleflex’s acknowledgment of any purchase order or other Customer document (“Order”) is hereby expressly limited to and conditioned on Customer’s acceptance of these Terms. The applicability of terms contained in Customer’s Order is limited to the identification and the quantity of Products ordered. Teleflex objects to and rejects all other Customer terms, in any form, that are different from or additional to these Terms, except that if a written contract is already in effect between Teleflex and Customer for purchase of the ordered Products, the terms of that contract will prevail to the extent that those terms are inconsistent with these Terms. Teleflex reserves the right to change these Terms at any time without notice. Any Orders placed after these Terms are changed will be subject to the amended Terms.

1. **Credit Terms.** If Customer qualifies, Teleflex may extend credit to Customer after approval of credit application, in which case Customer shall pay for Products in full based on the payment terms specified in Teleflex’s invoice. If at any time Customer’s financial condition becomes unsatisfactory to Teleflex, in Teleflex’s sole discretion, or if Customer fails to make any payment when due, in addition to any other rights Teleflex may have, Teleflex may defer or decline to make any shipments hereunder or may condition any such shipments on receipt of satisfactory security or cash payments in advance.
2. **Orders.** Order quantities must meet stated minimums for Products. Orders received with a value of less than \$250.00 will be subject to a handling charge of \$25.00. All Orders are subject to acceptance by Teleflex, which may be in writing or electronic record delivered to Customer or by shipping Products. Teleflex may accept any Order in whole or in part, and Teleflex’s shipment of less than all Products ordered will constitute acceptance of the Order only as to those Products shipped. Customer may cancel a pending Order, in whole or in part, for Products (other than special order, private label or otherwise custom Products) only by written notice to Teleflex Customer Service prior to Teleflex processing the Order. Any request to cancel an Order after processing is subject to Teleflex’s written approval, and Teleflex reserves the right to charge a restocking fee with respect thereto.
3. **Taxes.** Prices do not include any applicable taxes, tariffs, duties, fees, or charges of any type imposed by any governmental authority, whether federal, state, local or foreign, in connection with the Order. If applicable, a separate charge for any such taxes, tariffs, duties, fees or charges will be shown on Teleflex’s invoice, and Customer is responsible for, and agrees to, their payment in full (unless when the Order is submitted Customer provides Teleflex with an exemption certificate or other documents satisfactory to Teleflex and acceptable to taxing or custom authorities). Customer shall reimburse Teleflex the amount of any such taxes, tariffs, duties, fees or charges that Teleflex is required to prepay.
4. **Delivery and Risk of Loss; Security Interest.** Except as otherwise expressly stated herein, all deliveries will be F.O.B. Teleflex’s Shipping Point, and will be packed in Teleflex’s standard commercial shipping packages. Title and risk of loss or damage will pass to Customer when Teleflex has delivered the Products to the carrier for shipment to Customer. Customer hereby grants to Teleflex, and its successors and assigns, a security interest in all Products until all amounts due or to become due under these Terms have been paid, and agrees, without further consideration, to execute and deliver all documents reasonably requested by Teleflex to perfect its security interest.
5. **Shipping.** All applicable shipping charges are the responsibility of Customer and will be prepaid by Teleflex and invoiced to Customer or paid directly by Customer. Shipping and delivery dates are estimates only. Teleflex reserves the right to fill Orders with multiple shipments. Products may be placed on backorder at Teleflex’s sole discretion, and if Product availability is limited for any reason, Teleflex may fill orders or otherwise allocate Products in any manner it deems appropriate. Under no circumstances will Teleflex be liable for failure to deliver or for Customer’s failure to receive Products by a certain date. Orders with requested shipment directly to a patient, temporary/mobile site or residential address will not be filled.
  - **Standard Freight Terms.** Teleflex will ship all Products via preferred standard ground service carriers with charges prepaid and invoiced to Customer and subject to the terms and conditions of Teleflex’s Value Ship Program, available at [www.teleflex.com/usa/services/value-ship/](http://www.teleflex.com/usa/services/value-ship/), unless Customer elects Collect terms in accordance with the procedures stated in the following paragraph. Customer is responsible for all applicable freight upgrades, including but not limited to any special level of service, handling or packaging, expedited freight charges, liftgate service and special delivery appointments, requested by Customer.
  - **Third-Party Freight Programs.** To opt out of Teleflex’s Value Ship Program and participate in a third-party freight program, in which case applicable freight charges will be billed to Customer’s designated third-party freight collect account, Customer must submit a written request of its election to Teleflex at [cs@teleflex.com](mailto:cs@teleflex.com) no later than 10 calendar days before expected implementation of the change. All election requests must include designation of a qualified carrier,

applicable billing information and a collect account number for each applicable Customer facility, and any other applicable special instructions for the third-party freight program. Following Teleflex's approval of the election request, Customer's account will be changed to Collect, and shipments will be subject to the fees and charges imposed by the designated carrier. Notwithstanding the foregoing, Teleflex reserves the right to change the terms applicable to Collect shipments to Prepaid and Add (using the list rates from the carrier selected by Teleflex at the time of shipment) if any applicable shipment is not collected within 24 hours of contacting Customer's designated carrier for pickup or that carrier fails to provide sufficient capacity for Customer's order volume or the requisite transportation equipment (i.e., trailers, cargo containers). Teleflex will not be liable for any disputed freight incorrectly charged if Customer fails to comply with the requirements stated herein.

- **Expedited Orders.** Expedited Orders are only processed when specifically requested by Customer at the time of ordering. Requests for expedited parcel Orders must be received by Teleflex before 2pm eastern time, and include the exact level of service requested (e.g., Second Day, Overnight, Overnight Early AM) and a valid address to which the designated carrier delivers. Expedited Orders are not eligible for free freight of any type, and Customer is responsible for all freight charges as prepaid and added to Teleflex's invoice, or through provision of a third-party collect account number. Teleflex assumes no liability for the reliability or outcome of requests for expedited Orders.

6. **Acceptance and Returns.** Customer shall inspect Products promptly upon their receipt. Any damage should be noted on the freight bill and reported to the carrier. Unless Customer notifies Teleflex Customer Service in writing within 10 calendar days after receipt of the Products of shipping discrepancies or that the Products are upon inspection non-conforming or defective, describing the alleged non-conformance or defect in reasonable detail, Customer will be deemed to have accepted the Products. Products delivered and accepted under these Terms are not returnable except in accordance with Teleflex's Return Goods Policy, available at [www.teleflex.com/usa/en/legal/terms-and-conditions-of-sale/](http://www.teleflex.com/usa/en/legal/terms-and-conditions-of-sale/).
7. **Payment Terms.** Customer shall pay the amount stated on Teleflex's invoice within 30 calendar days from the invoice date unless otherwise expressly stated in these Terms. All amounts payable under these Terms are denominated in the currency invoiced unless expressly agreed otherwise by Teleflex in writing. Customer shall promptly notify Teleflex Customer Service at [cs@teleflex.com](mailto:cs@teleflex.com) in writing of any disputed invoice, and shall not make any discounts or setoffs against any invoices unless approved in advance by Teleflex. Any invoiced amount not paid when due may, in Teleflex's sole discretion, bear interest at the rate of 1.5% per month or the highest rate then permitted by law, whichever is less, until paid in full. Teleflex reserves the right to exercise any of its lawful remedies if Customer fails to make payments when due, and Customer shall promptly reimburse Teleflex for all costs and expenses, including but not limited to reasonable attorneys' fees, incurred by Teleflex in collecting sums due it under these Terms. Customer will be subject to a fee of \$50.00 for any checks returned unpaid to Teleflex for any reason.
8. **Force Majeure.** Each of Teleflex and Customer will be excused from any default in its obligations under these Terms, other than the payment of money due, resulting from any act or event beyond its reasonable control, including but not limited to acts of God, accident, fire, flood, storm, riot, war, sabotage, explosion, strike, lockout, labor disturbance, pandemic, epidemic, governmental action, inability to obtain raw materials, labor, component products or transportation, failure of normal sources of supply, or any similar or different contingency that would make performance or timely performance commercially impracticable. The party relying on any of these acts or events of force majeure shall notify the other thereof promptly after it becomes known to that party. If any of these acts or events of force majeure exceed 60 calendar days, then either party may, as its sole remedy, cancel outstanding Orders to the extent not previously fulfilled by notifying the other party in writing. Neither party will be liable for damages resulting from such cancellation.
9. **Limited Warranty.** Unless a more specific limited warranty is expressly granted in the Instructions For Use, or Operating Manual if applicable, published by Teleflex for the Product ("Product Documentation") (in which case such warranty governs), Teleflex warrants that, subject to the exceptions stated herein, each Product will substantially conform to the published specifications contained in the Product Documentation and will be free from defects in materials and workmanship, from the date of purchase until the expiration date printed on the Product's packaging or, if no such expiration date applies, for one year from the date of purchase (as applicable, the "Warranty Period"). The foregoing warranty will be void and of no effect if the Product is: (a) stored, installed, maintained, operated or used in any manner inconsistent with the Product Documentation, (b) subjected to abuse, misuse, neglect, mishandling, accident or unusual physical or environmental (including but not limited to thermal or electrical) stress; or (c) repaired, altered or modified other than by Teleflex authorized service personnel.

THE FOREGOING WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES NOT EXPRESSLY STATED HEREIN, WHETHER EXPRESS OR IMPLIED BY OPERATION OF LAW OR OTHERWISE, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE FOREGOING WARRANTY IS GIVEN SOLELY TO THE ORIGINAL CUSTOMER AND IS NOT GIVEN TO, NOR MAY IT BE RELIED UPON BY, ANY THIRD PARTY. SOME STATES DO NOT ALLOW THE EXCLUSION OF IMPLIED WARRANTIES SO THE ABOVE EXCLUSIONS MAY NOT APPLY TO CUSTOMER. CUSTOMER MAY ALSO HAVE OTHER RIGHTS, WHICH VARY, FROM STATE TO STATE.

TELEFLEX'S SOLE OBLIGATION AND CUSTOMER'S EXCLUSIVE REMEDY FOR BREACH OF THE FOREGOING WARRANTY IS, AT TELEFLEX'S OPTION, TO REPAIR OR REPLACE THE NON-CONFORMING OR DEFECTIVE PRODUCT OR TO CREDIT TO CUSTOMER'S ACCOUNT THE PURCHASE PRICE PAID BY CUSTOMER FOR THE NON-CONFORMING OR DEFECTIVE PRODUCT. All claims for breach of the foregoing warranty shall be made by Customer, by contacting Teleflex Customer Service in accordance with Teleflex's Return Goods Policy, available at [www.teleflex.com/usa/en/legal/terms-and-conditions-of-sale/](http://www.teleflex.com/usa/en/legal/terms-and-conditions-of-sale/), to obtain a return goods authorization, within the applicable Warranty Period and no later than 60 calendar days after discovery of the alleged non-conformance or defect in the Product. Unless otherwise directed in writing by Teleflex, within 60 calendar days after receiving a return goods authorization, Customer shall package the allegedly non-conforming or defective Product in its original shipping carton, or a functional equivalent, and ship it to Teleflex for inspection and verification of the alleged non-conformance or defect. Teleflex shall reimburse Customer for its reasonable documented shipping costs of returning the Product, and assume the risk of loss or damage to such returned Product while in transit, after verification by Teleflex of the alleged non-conformance or defect. If no breach of the foregoing warranty is discovered by Teleflex upon receipt of the returned Product, to the extent practicable the Product will be returned to Customer at Customer's expense, and Customer shall reimburse Teleflex for its shipping costs. All warranty claims not made in compliance with this section shall be deemed to have been waived.

PRODUCTS PURCHASED FROM OTHER THAN TELEFLEX OR ITS LIMITED AUTHORIZED DISTRIBUTION NETWORK, SUCH AS THROUGH BROKERS, INDEPENDENT DISTRIBUTORS OR ONLINE MARKETPLACES (SOMETIMES REFERRED TO AS THE "GRAY MARKET"), MAY BE COUNTERFEIT, MODIFIED, BEYOND TELEFLEX'S RECOMMENDED SHELF LIFE, OR IMPROPERLY STORED OR HANDLED. TELEFLEX DOES NOT PROVIDE, AND EXPRESSLY DISCLAIMS, ANY WARRANTY COVERAGE OR CUSTOMER SUPPORT FOR SUCH PRODUCTS PURCHASED FROM ANY SOURCE EXCEPT TELEFLEX OR ITS AUTHORIZED DISTRIBUTORS.

10. **Limitation of Liability.** NOTWITHSTANDING ANYTHING TO THE CONTRARY, (A) TELEFLEX'S LIABILITY AND OBLIGATIONS WITH RESPECT TO ANY CLAIM(S) RESULTING OR ARISING FROM OR RELATING TO THESE TERMS, WHETHER IN CONTRACT, STRICT LIABILITY, TORT OR OTHERWISE, AND EVEN IF CUSTOMER'S EXCLUSIVE REMEDY FAILS OF ITS ESSENTIAL PURPOSE, WILL IN NO EVENT EXCEED IN THE AGGREGATE THE TOTAL PURCHASE PRICE RECEIVED BY TELEFLEX FOR THE PRODUCTS ORDERED BY CUSTOMER, AND (B) TELEFLEX SHALL IN NO EVENT BE LIABLE TO CUSTOMER OR ANY OTHER PERSON OR ENTITY, WHETHER IN CONTRACT, STRICT LIABILITY, TORT OR OTHERWISE, FOR ANY LOST PROFITS OR SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER, EVEN IF TELEFLEX HAS BEEN APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.
11. **Unauthorized Distribution; Import/Export; Export Control.** Unless authorized by Teleflex in writing in advance, Customer shall not resell or distribute Products outside the country to which Teleflex ships Customer's Order. The sale of Products in violation of this section voids Teleflex warranties to the extent permitted by applicable law. If Customer is outside the United States and approved by Teleflex to import Products at the final intended destination, then Customer will be responsible for obtaining all required import licenses and making proper customs entry for the Products. For routed export shipments out of the United States, Customer is responsible for meeting applicable United States export regulations and declarations. Customer shall not re-export any Products from the destination country. Customer further acknowledges that the Products and any related software and technical information provided under these Terms are subject to U.S. and other export laws and regulations. Customer shall not export, re-export, transfer or transmit the Products, or any such software or technical information, except in compliance with all such laws and regulations. At Teleflex's request, Customer shall sign written assurances and other export-related documents as may be required for Teleflex to comply with export laws and regulations.
12. **Intellectual Property Ownership.** Subject to any license necessary for Customer's use of a Product that incorporates software, no transfer of any right, interest, ownership or any intellectual property will occur under these Terms. Teleflex or, if applicable, Teleflex's licensor retains all interest to software, modifications, improvements, upgrades, derivative works and all other intellectual property rights in connection with the software incorporated in or used by the Products. Customer will have no right to or interest in any Teleflex intellectual property, including but not limited to copyrights, trade secrets, know how, patents, websites, internet domain name registrations, trademarks or trade names, applied for, owned, used or claimed now or in the future by Teleflex, its affiliates or licensors.
13. **Safe Medical Device Act.** If Customer files with the U.S. Food and Drug Administration ("FDA") an FDA Form 3500A or a similar form of medical device report under the federal Safe Medical Device Act, regarding the Products or any part of the Products, then Customer shall simultaneously furnish to Teleflex a copy of the form or report. Customer shall maintain adequate tracking for the Products to enable Teleflex to meet the FDA requirements applicable to tracking of medical devices. If Teleflex recalls the Products or any part of the Products, Customer shall cooperate fully with Teleflex in implementing the recall, including but not limited to by returning the Products to Teleflex to the extent that Teleflex requests.
14. **Fraud and Abuse.** Each party represents that it has never been debarred, excluded or suspended by the Office of Inspector General of the Department of Health and Human Services; otherwise deemed ineligible to participate in federal healthcare or

procurement programs, or to the extent applicable, state healthcare or procurement programs; or convicted of a criminal offense regarding health care reimbursement.

15. **Discount Reporting Obligations.** If the pricing offered to Customer hereunder constitutes “a discount or other reduction in price” for purposes of the federal Anti-Kickback Statute (“AKS”) discount exception (42 U.S.C. §1320a-7b(b)(3)(A)) and the AKS discount safe harbor (42 C.F.R. §1001.952(h)), Customer shall disclose the discount or reduction in price to the full extent required under any state or federal program that provides cost or charge-based reimbursement to Customer for Products. Customer may also be required, upon request, to provide documentation of the discount or other reduction in price to the Secretary of the Department of Health and Human Services and/or state agencies. Customer shall make written request to Teleflex if Customer requires additional information from Teleflex to meet its reporting requirements.
16. **Access to Books and Records.** Until the expiration of four years after the furnishing of services under these Terms, Teleflex shall make available upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States, or any of their duly authorized representatives, these Terms and such books, documents and records of Teleflex as are necessary to certify the nature and extent of the costs under these Terms. If Teleflex carries out any of its duties under these Terms through a subcontract, for the value or cost of \$10,000 or more over a 12-month period, the subcontract must contain a clause placing the same duty on the subcontractor as these Terms place on Teleflex. If applicable law or regulations are effectively amended to increase or decrease the annual amount necessary to require this clause, the amount stated herein will be amended accordingly. Notwithstanding the presence of this section in these Terms, this section only applies if the actual dollar amount paid during any 12-month period equals or exceeds the government threshold amount.
17. **Confidentiality.** Teleflex may disclose confidential information to Customer, including but not limited to invoice terms, Product pricing and new product introductions. Customer shall not use, publish or disclose, or cause anyone else to use, publish or disclose, such confidential information without Teleflex’s prior written consent, except information subject to legal process or if Customer can demonstrate the information was already known to, independently developed by, or publicly available to Customer prior to Teleflex’s disclosure, or as otherwise permitted by these Terms. If disclosure is required by law, Customer agrees to provide prompt notice to Teleflex before any disclosure.
18. **Applicable Law and Venue.** Intentionally omitted.
19. **Assignment; No Third-Party Beneficiaries.** Customer shall not transfer or assign these Terms or any interest herein, by operation of law or otherwise, without Teleflex’s prior written consent. Any attempted transfer or assignment without such consent will be void. Teleflex may assign its rights and delegate its duties under these Terms. The rights and remedies conferred under these Terms apply only to Teleflex and Customer, and are not to be construed to inure to the benefit of or to provide any right of action to any other person or entity, including but not limited to any patient or third-party payor.
20. **Miscellaneous.** These Terms contain the entire agreement, and supersede any prior written or oral agreements or understandings, between Teleflex and Customer regarding the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of these Terms. No failure by Teleflex to insist on strict performance of any of term or condition hereof will constitute a waiver of such term or condition or any breach thereof, nor will such failure in any way affect Teleflex’s legal remedies regarding any default by Customer hereunder. No addition to or waiver, modification or cancellation of any provision of these Terms will be binding upon Teleflex unless in writing and signed by a duly authorized representative of Teleflex. If any provision of these Terms is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will, to the extent permitted by law, not in any way be affected or impaired thereby.
21. TELEFLEX shall provide products/services on an as ordered, as needed basis, as set forth in the attached TELEFLEX agreement.
22. The liabilities or obligations of Customer with respect to its activities pursuant to this agreement shall be the liabilities or obligations solely of Customer and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California.
23. **Disqualified Persons.** TELEFLEX represents and warrants that no person providing goods and/or services under the terms of this agreement (i) has been convicted of a criminal offense related to healthcare (unless such individual has been officially reinstated into the federal healthcare programs by the Office of Inspector General (“OIG”) and provided proof of such reinstatement to CUSTOMER), (ii) is currently under sanction, exclusion or investigation (civil or criminal) by any federal or state enforcement, regulatory, administrative or licensing agency or is ineligible for federal or state program participation, or (iii) is currently listed on the General Services Administration List of Parties Excluded from the Federal Procurement and Non-Procurement Programs. TELEFLEX agrees that if any individuals providing goods and/or services under the terms of this agreement becomes involved in a pending criminal action or proposed civil debarment, exclusion or other sanctioning action related to any federal or state healthcare program (each, an “Enforcement Action”), TELEFLEX shall immediately notify Customer and such individual shall be immediately removed by TELEFLEX from any functions involving (i) the claims

development and submission process, and (ii) any healthcare provider contact related to Customer's patients; provided, however, that if TELEFLEX is directly involved in the Enforcement Action, any agreement between CUSTOMER and TELEFLEX shall terminate immediately.

24. Non-collusion Covenant. TELEFLEX 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 CUSTOMER. TELEFLEX has received no incentive or special payments, nor considerations, not related to the provision of services under this agreement from CUSTOMER.
25. CUSTOMER may, without cause, terminate this Agreement by written notice ("Notice of Termination"). The Notice of Termination will be deemed effective 15 days after personal delivery, or 20 days after mailing by regular U.S. Mail, postage prepaid. In addition, either Party may immediately terminate this Agreement if the other Party fails to substantially perform in accordance with the terms and conditions of this Agreement through no fault of the Party initiating the termination. In the event this Agreement is terminated by either Party, TELEFLEX shall submit to CUSTOMER all files, memoranda, documents, correspondence and other items generated in the course of performing the Services, within 15 days after the effective date of the Notice of Termination. If either Party terminates this Agreement as provided in this Section, CUSTOMER shall pay TELEFLEX for all satisfactory Services rendered by TELEFLEX or Goods ordered prior to the effective date of Notice of Termination.
26. Notwithstanding anything to the contrary, Teleflex's limitations of liability shall not apply to, affect, or limit: (i) any of Teleflex's duties to indemnify Customer in accordance with this agreement and/or (ii) any third party claims."
27. Teleflex may be required to provide proof of insurance for one or more of the following types of insurance coverages as determined by CUSTOMER:
  - **Workers' Compensation Insurance** in accordance with the provisions of section 3700 of the California Labor Code. This policy shall include employer's liability insurance with limits of at least one million dollars (\$1,000,000). Include a cover sheet stating the business is a sole proprietorship, if applicable.
  - **Commercial General Liability Insurance** in the minimum amounts indicated below or such additional amounts as may be determined by the CUSTOMER Risk Manager, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of any Agreement with CUSTOMER), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Teleflex's performance of work hereunder. The amount of said insurance coverage required hereunder shall be the policy limits, which shall be at least one million dollars (\$1,000,000) each occurrence and two million dollars (\$2,000,000) aggregate.



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

January 21, 2026

**Subject:** Proposed retroactive First Amendment to Sales Order Form Q-130142 with Inovalon Provider, Inc. for the purchase of Claims Management Pro Services

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

**Summary:**

Kern Medical requests that the Board of Governors approve the proposed retroactive First Amendment to Sales Order Form Q-130142 with Inovalon Provider, Inc. for the continued use and expansion of Claims Management Pro services.

Inovalon Claims Management Pro supports Kern Medical's claims processing operations by automating billing management, eligibility verification, claims transactions, and claims status activities. Since the initial implementation approved by your Board in November 2024, Kern Medical has identified the need to expand services to support all payor types and to update transaction volume thresholds and fee structures in preparation for the implementation of Federally Qualified Health Center (FQHC) operations.

The attached amendment formalizes the expanded scope of services, updated transaction limits, and associated pricing. The maximum cost of the agreement is not to exceed \$440,747 for the initial year, with a subsequent annual cost of \$417,054.

Approval of this amendment will allow Kern Medical to continue leveraging Inovalon's claims management platform at the expanded scale necessary to support current and future operational needs, while reducing manual processing and mitigating operational and financial risk associated with restricted transaction volumes. This Amendment is retroactive because price negotiations took longer than expected.

Due to the Kern County Hospital Authority's ongoing relationship with Inovalon and the need to expand services to include the needs of the FQHC, Kern Medical recommends that your Board retroactively approve the proposed First Amendment to Service Order Form Q-130142 with Inovalon Provider, Inc., effective December 1, 2025, for a one (1) year term that auto-renews for additional one (1) year terms, with a yearly maximum payable of \$440,747, and authorize the Chairman to sign.



## FIRST AMENDMENT TO SALES ORDER FORM Q-130142

This amendment ("Amendment") is made and entered into December 1, 2025 ("Amendment Effective Date") by and between Inovalon Provider, Inc. ("INOVALON") and Kern Medical Center ("Customer"), who may be jointly referred to as the "Parties" or individually a "Party";

The Parties entered into that certain Sales Order Form number Q-130142, made effective November 20, 2024 ("Agreement");

The Parties wish to amend certain terms of the Agreement as contained within this Amendment;

As such, the Parties agree as follows:

1. The Fees and Services table on Page 1 of the Agreement shall be removed in its entirety and replaced with the Fees and Services table below.

| Fee Type  | Quantity | Service                    | Service Description  | Sales Price | Total Price |
|-----------|----------|----------------------------|--|-------------|-------------|
| One Time  | 1        | EASE-AP-RULES              | Claims Management Pro Business Rules - Setup Fee                                   | \$956.00    | \$956.00    |
| One Time  | 1        | EASE-AP-INS-CL             | Claims Management Pro Implementation - Claims                                      | \$6,420.00  | \$6,420.00  |
| One Time  | 1        | EASE-AP-INS-EL             | Claims Management Pro Implementation - Eligibility                                 | \$420.00    | \$420.00    |
| One Time  | 1        | EASE-AP-INS-SFTP           | Claims Management Pro SFTP Service Integration                                     | \$897.00    | \$897.00    |
| Recurring | 1        | EASE-AP-A-ADDON            | RCM Intelligence Add-on  | \$6,000.00  | \$6,000.00  |
| Recurring | 1        | EASE-AP-HOSP-2             | Claims Management Pro for Hospital   | \$2,631.00  | \$2,631.00  |
| Recurring | 1        | EASE-AP-CL12               | Claims Management Pro - Claims Transactions  | \$19,026.78 | \$19,026.78 |
| Recurring | 1        | EASE-AP-E10                | Eligibility Verification - Eligibility Transactions in Claims Management Pro       | \$4,680.00  | \$4,680.00  |
| Recurring | 1        | EASE-AP-CS12               | Claims Management Pro Claim Status   | \$2,166.67  | \$2,166.67  |
| Recurring | 1        | EASE-AP-ATTACH-7           | Electronic Claim Attachments for Claims Management Pro                             | \$250.00    | \$250.00    |
| Per Page  | 1        | EASE-AP-PAPERATTACH-P1     | Claims Management Pro Electronic to Paper Claims with Attachments First Page       | \$0.72      | \$0.72      |
| Per Page  | 1        | EASE-AP-PAPERATTACH_ADDLPG | Claims Management Pro Electronic to Paper Claims with Attachments Additional Pages | \$0.05      | \$0.05      |
| One Time  | 1        | CMP-EMR-INT                | Claims Management Pro + Provider Integration Engine                                | \$7,500.00  | \$7,500.00  |
| One Time  | 1        | EV-EMR-INT                 | Eligibility Verification + Provider Integration Engine                             | \$7,500.00  | \$7,500.00  |

One Time Fee Amount: \$23,693.00

Monthly Recurring Amount: \$34,754.45

**If taxable, invoice will include applicable Sales Tax**

2. The Service description for Claims Management Pro – Claims Transactions on Page 2 of the Agreement shall be removed in its entirety and replaced with the Service description below.

- **Claims Management Pro - Claims Transactions:** Provisioning of Claim Transactions for use with Claims Management Pro. Customer may submit up to 824,000 Claim Transactions per twelve (12) month period of this Order Form. Additional Claim Transactions will incur a Per Transaction Fee of \$1.00.



3. For the avoidance of doubt, all One Time Fees in the Fees and Services table above have already been invoiced and paid by Customer.
4. Except as set forth and modified within this Amendment, the Agreement shall remain unaffected and shall continue to be in full force and effect in accordance with its terms. In case of any conflict between the terms of this Amendment and the Agreement, the terms of this Amendment shall prevail.

The Parties hereto, intending to be legally bound, have caused their duly authorized representatives to execute and deliver this Amendment, effective as of the Amendment Effective Date.

| Inovalon Provider, Inc.               | Kern Medical Center                    |
|---------------------------------------|--|
| By:                                   | By:                                    |
| Signed by:<br><i>Karly Rowe</i>       |  |
| Printed Name:<br>Karly Rowe           | Printed Name:<br>Phil McLaughlin       |
| Title:<br>President Inovalon Provider | Title:<br>Chairman, Board of Governors |

APPROVED AS TO FORM:  
Legal Services Department

By Shannon Hochstein  
Kern County Hospital Authority



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

January 21, 2026

**SUBJECT:** Proposed Quote 20317577 with TSI Incorporated

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

**Summary**

Kern Medical requests your Board approve the proposed Quote 20317577 with TSI Incorporated, for service contracts of anesthesia machine test equipment in an amount not to exceed \$3,390. This vendor was chosen because they are the manufacturer and authorized service provider. The proposed Quote will be effective January 21, 2026 through January 20, 2029.

Counsel is unable to approve the terms as to form because the terms are the unmodified terms of the vendor. The proposed Quote is governed by the laws of the state of Minnesota, risk of loss passes to the Authority upon shipment, limitation of liability among other nonstandard terms. Vendor was unwilling to engage in negotiations.

Therefore, it is recommended that your Board approve the proposed Quote 20317577 TSI Incorporated, for calibration and of anesthesia machine test equipment, effective January 21, 2026 through January 20, 2029, with a not to exceed amount of \$3,390 plus tax and shipping, and authorize the Chairman to sign.



**TSI Incorporated**  
**500 Cardigan Road**  
**Shoreview, MN 55126**  
**USA**  
**EIN 41-0843524**

**Tel: (800)680-1220**  
**Fax: (651)490-3824**  
**Web: www.TSI.com**  
**Email: orders@TSI.com**

Page 1 of 2

## Quotation

|  |   |
|--|---|
| <b>Quote Contact</b><br>Cheryl DeLuca<br>Tel: 661-326-2580<br>Email: cheryl.deluca@kernmedical.com | <b>Make PO Out To:</b><br><b>TSI Incorporated</b>   |
| <b>Bill-To-Party</b><br>Kern Medical Center<br>PO Box 3519<br>Bakersfield CA 93385-3519            | <b>Quotation Number</b> 20317577<br><b>Quotation Date</b> 09/09/2025<br><b>Customer No</b> 5165995<br><b>Cust. Ref.</b><br><b>Incoterms</b> 2020 CPT: Prepay & Add<br>Consignee's Premises<br><b>Payment Term</b> Net 30 days<br><b>Valid To</b> 10/09/2025<br><b>Currency</b> USD<br><b>Method of Payment</b> PO, Visa, Amex, Mastercard |
| <b>Ship-To-Party</b><br>Kern Medical Center<br>1700 Mount Vernon Ave<br>Bakersfield CA 93306-4018  | Please reference Quote number when submitting PO  |

| Item | Material/Description  | Quantity | Unit Price | Amount   |
|------|---|----------|------------|----------|
| 1    | CLC3-4071<br>QG Cal Plan, 3-Yr, 4071<br><br>Quality Guard Calibration Plans are for "Clean and Calibration" only.<br>This is not for use with Warranty Service or when Repair Service is deemed necessary by the TSI Service Group. All Service Plans will be valid from the date of instrument shipment for new products and the purchase order date for existing products. TSI covers the cost of standard ground shipping to return the instrument from TSI. The 3 Year Plan includes a maximum of 3 Calibrations. The Service Plan is linked to the serial number of the instrument. This Calibration Plan is non-transferrable, and no other instrument serial numbers will be accepted for service. | 1.00 EA  | 840.00     | 840.00   |
| 2    | CLC3-4081<br>QG Cal Plan, 3-Yr, 4081<br><br>Quality Guard Calibration Plans are for "Clean and Calibration" only.<br>This is not for use with Warranty Service or when Repair Service is deemed necessary by the TSI Service Group. All Service Plans will be valid from the date of instrument shipment for new products and the purchase order date for existing products. TSI covers the cost of standard ground shipping to return the instrument from TSI. The 3 Year Plan includes a maximum of 3 Calibrations. The Service Plan is linked to the serial number of the instrument. This Calibration Plan is non-transferrable, and no other instrument serial numbers will be accepted for service. | 2.00 EA  | 895.00     | 1,790.00 |
| 3    | CLC3-4074<br>QG Cal Plan, 3-Yr, 4074<br><br>Quality Guard Calibration Plans are for "Clean and Calibration" only.<br>This is not for use with Warranty Service or when Repair Service is  | 1.00 EA  | 760.00     | 760.00   |



**TSI Incorporated**  
**500 Cardigan Road**  
**Shoreview, MN 55126**  
**USA**  
**EIN 41-0843524**

**Tel: (800)680-1220**  
**Fax: (651)490-3824**  
**Web: [www.TSI.com](http://www.TSI.com)**  
**Email: [orders@TSI.com](mailto:orders@TSI.com)**

Page 2 of 2

## Quotation

**Bill-To-Party**  
Kern Medical Center

**Quotation Number** 20317577  
**Quotation Date** 09/09/2025

| Item                | Material/Description   | Quantity | Unit Price | Amount   |
|---------------------|--|----------|------------|----------|
|                     | deemed necessary by the TSI Service Group. All Service Plans will be valid from the date of instrument shipment for new products and the purchase order date for existing products. TSI covers the cost of standard ground shipping to return the instrument from TSI. The 3 Year Plan includes a maximum of 3 Calibrations. The Service Plan is linked to the serial number of the instrument. This Calibration Plan is non-transferrable, and no other instrument serial numbers will be accepted for service. |          |            |          |
| <b>Sub Total</b>    |  |          |            | 3,390.00 |
| <b>Freight</b>      |  |          |            | TBD      |
| <b>Tax</b>          |  |          |            | TBD      |
| <b>Total Amount</b> |  |          |            | 3,390.00 |

S/N 40710546015, 40810843002, 40811346005, 40740549004

Sales Tax and Freight charges determined by tax status of customer and shipping method selected.

These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. Government or as otherwise authorized by U.S. law and regulations.

APPROVED AS TO FORM:  
Legal Services Department

By Phillip Jenkins  
Kern County Hospital Authority

KERN COUNTY HOSPITAL AUTHORITY

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

Date: \_\_\_\_\_

*This Quotation is subject to the warranties, disclaimers and all other terms and conditions set forth by TSI Inc. and incorporated by reference and to no others. Seller reserves the right to change prices effective on any new orders, provided Seller notifies in writing those with currently valid Quotations prior to any order being placed. This quotation shall become an agreement binding upon the Buyer and Seller when accepted by the Buyer and subsequently accepted by an authorized representative of the Seller at the Seller's home office and thereupon shall constitute the entire agreement between the parties.*

**Shelly Arman**  
TSI Incorporated

Date 09/09/2025

TSI Terms and Conditions apply and are incorporated by reference. See <http://www.tsi.com/tc.pdf>  
For payment terms, complete credit application at <http://www.tsi.com/credit-app/>

**TERMS AND CONDITIONS**  
**TSI INCORPORATED SHALL HEREINAFTER BE REFERRED TO AS "SELLER"**

**DISCLAIMER:**  
**THESE TERMS AND CONDITIONS MAY NOT COMPLY WITH THE TERMS OF US FEDERAL GOVERNMENT CONTRACTS RELATED TO THIS PURCHASE ORDER. SEE SECTION 16 BELOW. PLEASE READ CAREFULLY.**

1. **PAYMENT; DELIVERY.** Unless otherwise agreed, payment is due in U.S. Dollars within 30 days of the date of shipment. Charges for services are due upon receipt of invoice. Unless otherwise agreed by Seller in writing, Seller shall not be required to use Buyer's centralized purchasing system or any form of electronic transaction processing tool to issue and/or manage purchase orders and/or invoices. Interest in the maximum amount permitted by law may be charged on past due invoices. Buyer shall reimburse Seller for all costs and expenses incurred in the collection of amounts past due, including attorneys' fees. All quoted delivery dates are approximate and shall commence when Seller has acknowledged receipt of documents required to effect shipment. Seller may require payment in advance if it believes the financial condition of Buyer does not justify shipment, or subsequent deliveries, on the payment terms originally specified. If Buyer becomes bankrupt or insolvent, or a proceeding is brought by or against Buyer under such laws, Seller may cancel any outstanding order, and Buyer shall reimburse Seller for its cancellation charges. Seller reserves the right to ship and to make collection by sight draft.
2. **RISK OF LOSS; TITLE.** Unless otherwise agreed, the risk of loss passes to Buyer when the goods are delivered to the carrier. Where the risk of loss has passed to Buyer, or where Buyer has selected the method of shipment or delivery, Buyer must obtain redress for freight losses, shortages or damages from the carrier or its insurer. Seller is not responsible for any such losses. Notwithstanding any provision of INCOTERMS or contained herein, equitable title and accession to the goods shall, where permitted by law, remain with Seller until Buyer is paid in full. This shall be the case even if legal title to the goods shall be deemed by law to have passed to Buyer at the time of delivery and prior to performance of all of Buyer's obligations. Buyer shall grant, and by acceptance of the goods is deemed to have granted, to Seller a first security interest in all goods to secure payment of amounts owed by Buyer. Buyer agrees to execute a financing statement at Seller's request. Seller may reclaim any goods delivered or in transit if Buyer fails to make payment when due.
3. **SHIPMENT.** Unless otherwise agreed, prices are FCA Seller's factory (Reference INCOTERMS 2020) and any charges Seller may be required to pay or collect on the sale, purchase, delivery, storage, use or transportation of the goods shall be paid by Buyer. Method of shipment or delivery will be at Seller's discretion unless otherwise agreed.
4. **TAXES; RE-EXPORT.** Any government tax, fee, duty or charge on the sale, purchase, delivery or use of the goods and/or services sold hereunder shall be paid by Buyer, in addition to the purchase price, unless otherwise agreed. Certain goods are subject to international export control regulations. Buyer shall be responsible for compliance with all regulations related to the export of goods to end-users including, but not limited to, adherence to the US Export Administration Regulations. Buyer agrees to provide Seller with any end user information requested by Seller necessary to support compliance with all regulations related to the export of goods. Further Seller shall be provided access to Buyer's facility, as necessary, for the purpose of performing an audit on Buyer's export compliance program.
5. **LIMITATION OF WARRANTY AND LIABILITY.** Seller warrants the goods, excluding software, sold hereunder, under normal use and service as described in the operator's manual (version published at the time of sale), to be free from defects in workmanship and material for the longer period of either **12 months or the length of time specified in the operator's manual/warranty statement** provided

with the goods or made available electronically (version published at the time of sale), from the date of shipment to the customer. This warranty period is inclusive of any statutory warranty. **This limited warranty is subject to the following exclusions and exceptions:**

a. Hot-wire or hot-film sensors used with research anemometers, and certain other components when indicated in specifications, are warranted for 90 days from the date of shipment; b. Pumps are warranted for hours of operation as set forth in product or operator's manuals (versions published at the time of sale); c. Parts repaired or replaced as a result of repair services are warranted to be free from defects in workmanship and material, under normal use, for 90 days from the date of shipment; d. Seller does not provide any warranty on finished goods manufactured by others or on any fuses, batteries or other consumable materials. Only the original manufacturer's warranty applies; e. This warranty does not cover calibration requirements, and Seller warrants only that the goods are properly calibrated at the time of its manufacture. Goods returned for calibration are not covered by this warranty; f. This warranty is **VOID** if the goods are opened by anyone other than a factory authorized service center with the one exception where requirements set forth in the operator's manual (version published at the time of sale) allow an operator to replace consumables or perform recommended cleaning; g. This warranty is **VOID** if the goods have been misused, neglected, subjected to accidental or intentional damage, or is not properly installed, maintained, or cleaned according to the requirements of the operator's manual (version published at the time of sale). Unless specifically authorized in a separate writing by Seller, Seller makes no warranty with respect to, and shall have no liability in connection with, goods which are incorporated into other products or equipment, or which are modified by any person other than Seller; h. New parts or components purchased are warranted to be free from defects in workmanship and material, under normal use, for 90 days from the date of shipment.

The foregoing is **IN LIEU OF** all other warranties and is subject to the **LIMITATIONS** stated herein. **NO OTHER EXPRESS OR IMPLIED WARRANTY OF FITNESS FOR PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. WITH RESPECT TO SELLER'S BREACH OF THE IMPLIED WARRANTY AGAINST INFRINGEMENT, SAID WARRANTY IS LIMITED TO CLAIMS OF DIRECT INFRINGEMENT AND EXCLUDES CLAIMS OF CONTRIBUTORY OR INDUCED INFRINGEMENTS. BUYER'S EXCLUSIVE REMEDY SHALL BE THE RETURN OF THE PURCHASE PRICE DISCOUNTED FOR REASONABLE WEAR AND TEAR OR AT SELLER'S OPTION REPLACEMENT OF THE GOODS WITH NON-INFRINGEMENTS.**

TO THE EXTENT PERMITTED BY LAW, THE EXCLUSIVE REMEDY OF THE USER OR BUYER, AND THE LIMIT OF SELLER'S LIABILITY FOR ANY AND ALL LOSSES, INJURIES, OR DAMAGES CONCERNING THE GOODS (INCLUDING CLAIMS BASED ON CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY OR OTHERWISE) SHALL BE THE RETURN OF GOODS TO SELLER AND THE REFUND OF THE PURCHASE PRICE, OR, AT THE OPTION OF SELLER, THE REPAIR OR REPLACEMENT OF THE GOODS. IN THE CASE OF SOFTWARE, SELLER WILL REPAIR OR REPLACE DEFECTIVE SOFTWARE OR IF UNABLE TO DO SO, WILL REFUND THE PURCHASE PRICE OF THE SOFTWARE. **IN NO EVENT SHALL SELLER BE LIABLE FOR LOST PROFITS, BUSINESS INTERRUPTION, OR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES.** SELLER SHALL NOT BE RESPONSIBLE FOR INSTALLATION, DISMANTLING OR REINSTALLATION COSTS OR CHARGES. No Action, regardless of form, may be brought against Seller more than 12 months after a cause of action has accrued. The goods returned under warranty to Seller's factory shall be at Buyer's risk of loss, and will be returned, if at all, at Seller's risk of loss.

Buyer and all users are deemed to have accepted this LIMITATION OF WARRANTY AND LIABILITY, which contains the complete and exclusive limited warranty of Seller. This LIMITATION OF WARRANTY AND LIABILITY may not be amended, modified or its terms waived, except by writing signed by an Officer of Seller.

6. **INSPECTION: ACCEPTANCE.** Buyer shall inspect goods delivered or repairs performed within 15 business days from the date of receipt of the goods or completion of the repairs. Within that time Buyer shall send Seller a written notice specifying any respects in which the goods or repairs are nonconforming. Failure to send a written notice shall constitute a waiver of Buyer's claims for any nonconformity that an inspection, whether or not in fact carried out, should have discovered. Buyer is deemed to have accepted delivered goods on terms set forth herein, unless within 15 business days of receipt of the goods Buyer sends a written notice of rejection that provides detailed grounds for rejection. No order may be canceled or altered by Buyer except on terms and conditions accepted in writing by Seller. Seller may impose reasonable cancellation charges. Goods may not be returned for credit unless pre-approved in writing by Seller. A restocking charge will be applied.

7. **CAUSES BEYOND SELLER'S CONTROL.** Seller shall not be liable for any damage, loss or expense suffered by Buyer as a result of any delay or nonperformance, when the delay or nonperformance is, directly or indirectly, caused by or arises from war (whether declared or not), armed conflict or the serious threat of the same (including but not limited to hostile attack, blockade, military embargo), hostilities, invasion, act of a foreign enemy, extensive military mobilization; civil war, riot, rebellion, revolution, military or usurped power, insurrection, civil commotion or disorder, mob violence, act of civil disobedience; act of terrorism, sabotage or piracy; plague, epidemic, pandemic, outbreaks of infectious disease or any other public health crisis, including quarantine or other employee restrictions; act of authority whether lawful or unlawful, compliance with any law or governmental order, rule, regulation or direction, curfew restriction, expropriation, compulsory acquisition, seizure of works, requisition, nationalization; act of God or natural disaster such as but not limited to violent storm, cyclone, typhoon, hurricane, tornado, blizzard, earthquake, volcanic activity, landslide, tidal wave, tsunami, flood, damage or destruction by lightning, drought; explosion, fire, destruction of machines, equipment, factories and of any kind of installation, prolonged break-down of transport, telecommunication or electric current; general labor disturbance such as but not limited to boycott, strike and lock-out, go-slow, occupation of factories and premises; shortage or inability to obtain critical material or supplies to the extent not subject to the reasonable control of Seller.

8. **BUYER'S SPECIFICATIONS AND USE OF GOODS.** If the goods sold are manufactured to Buyer's specifications, or if the goods are used in conjunction with products not supplied by Seller, then Buyer shall indemnify and hold Seller harmless from and against any suits, claims, losses, expenses, and other liabilities including costs and attorneys' fees, whether for loss, personal injury, infringement or otherwise, which result from Buyer's specifications or use of product not furnished by Seller. Product or equipment furnished to Seller by Buyer shall be at Buyer's sole risk and expense. Unless agreed in writing by Seller, any tools, dies, or materials used in producing goods to Buyer's specifications shall remain Seller's property.

9. **EXPRESS INDEMNIFICATION.** During the life of the goods sold, Buyer agrees to use its best efforts to ensure that all safety and product information provided by Seller is provided to all users (customers, employees, and independent contractors). This may include warning labels, instruction manuals, and training users in the safe installation, use and maintenance of the goods. Buyer agrees to defend, protect, indemnify and hold Seller harmless from and against all claims, losses, expenses, damages and liabilities to the extent caused by Buyer's negligence, including Buyer's failure to comply with the aforementioned safety obligations.

10. **DESIGN OR MANUFACTURE CHANGES.** Seller in its sole discretion may change the design or manufacture of any of its goods without incurring any obligation to incorporate such changes into goods manufactured for or delivered to Buyer prior to such changes.

11. **SOFTWARE.** Unless a separate software license agreement is in effect between Buyer and Seller with respect to the software incorporated in the goods sold (an "Additional Software License"), Buyer is granted only a nonexclusive and nontransferable license to use one copy of the software (or firmware containing software) originally installed in or supplied with the goods. Buyer acknowledges and agrees that the software is proprietary and constitutes a trade secret, copyright or patent of Seller. Buyer shall acquire no title or rights of ownership in the software nor have the right to copy (except for backup), modify, reverse engineer or compile, license to others, transfer or disclose to any third party, all or part of the software. Software is provided and sold "AS IS" WITHOUT WARRANTY OF ANY KIND INCLUDING, BUT NOT LIMITED TO WARRANTIES OF INSTALLATION, USE OR PERFORMANCE, AND IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. Notwithstanding the foregoing, Seller will replace any defective disc or flash drive supplied by Seller within 90 days from the date of original shipment.

The goods sold may incorporate certain software including, but not limited to, an application, tool or other support solution (a "Solution") that is governed by Additional Software Licenses. Access to and use of a Solution may require Buyer to acknowledge and accept the terms of such Additional Software Licenses. Failure to agree to such Additional Software Licenses may restrict access to a Solution or limit the use of certain features and functions.

In the event of a conflict between this provision and any Additional Software License governing a Solution incorporated in the goods sold, the terms of the Additional Software License shall prevail with respect to that Solution.

12. **ONLINE SOLUTIONS; SUBSCRIPTIONS AND AUTOMATIC RENEWALS.** Certain Solutions including, but not limited to, cloud-based SaaS applications, APIs, data integration services, add-ins, and add-ons, are available to and usable by Buyer and/or users via the internet through a technology platform ("Online Solutions").

Access to and use of Online Solutions requires Buyer and users to create and use a TSI.com account (an "Account"), which is governed by Seller's Terms of Use and Privacy Policy located at <https://tsi.com/terms-and-conditions/> and <https://tsi.com/privacy-policy/>. Buyer and users must acknowledge and accept the terms contained therein in order to create and use an Account.

Online Solutions available on a paid subscription basis require payment prior to access or use ("Paid Subscriptions"). Detailed information about Paid Subscription plans, including their features and benefits are located at <https://tsi.com/products/tsi-link-solutions/>. Buyer must review any Paid Subscription plans applicable to the goods sold prior to placing an order.

Paid Subscriptions subject to automatically renew are located at <https://tsi.com/resources/tsi-link-subscription-renewal/#>.

PAID SUBSCRIPTIONS AUTOMATICALLY RENEW AT THE END OF THE INITIAL TERM AND EACH SUBSEQUENT RENEWAL TERM FOR AN ADDITIONAL ONE (1) YEAR PERIOD, UNLESS BUYER OR USER PROVIDES SELLER WITH A NOTICE OF CANCELLATION PRIOR TO THE EXPIRATION OF THE THEN-CURRENT TERM. THE PRICE FOR EACH RENEWAL TERM WILL BE DETERMINED BY THE SELLER'S THEN-CURRENT RATE, AS SPECIFIED IN THE APPLICABLE PAID SUBSCRIPTION PLAN, WHICH WILL BE MADE AVAILABLE OR PROVIDED DIRECTLY BY SELLER NO LATER THAN NINETY (90) DAYS PRIOR TO THE EXPIRATION OF THE THEN-CURRENT TERM.

BUYER OR USER MAY CANCEL A SUBSCRIPTION BY CALLING 1-800-680-1220 OR +1 651-490-2860, EMAILING ANSWERS@TSI.COM, SENDING A WRITTEN NOTICE OF CANCELLATION TO TSI INCORPORATED, 500 CARDIGAN ROAD, SHOREVIEW, MN 55126 USA OR BY LOGGING INTO THEIR ACCOUNT AND CANCELLING DIRECTLY FROM THEIR ACCOUNT ON WWW.TSILINK.COM.

Buyer or user will not receive a refund for the current billing cycle as Buyer or user will continue to have the same access and benefits of the Subscription for the remainder of the current billing period. Seller does not offer prorated refunds for cancelled Subscriptions.

Seller reserves the right to change Subscription Plans and rates from time to time. In the event of such changes, and if required, Seller will notify Buyer and user and request consent to continue.

**13. SOLE AND EXCLUSIVE TERMS OF SALE.** Except as otherwise agreed to in writing by Seller as to each paragraph herein or as required by any Additional Software Licenses including, but not limited to, those governing Solutions and Online Solutions, Buyer agrees that this document contains the sole and exclusive terms and conditions governing the sale of the goods and/or services sold hereunder. Any additional or different terms in documents provided by Buyer in any transaction paperwork or otherwise shall not apply and are hereby expressly objected to by Seller.

**14. ARBITRATION.** Seller may bring an action for nonpayment, infringement, or equitable relief before any judicial court of competent jurisdiction without need for arbitration. Any other claim or dispute arising out of or concerning the transaction evidenced hereby shall be settled by binding arbitration in Minneapolis, MN, under the Commercial Rules and procedures of the American Arbitration Association in effect at the time of the dispute. The arbitration panel shall be comprised of one person. The language of the arbitration shall be English. The award shall be enforceable in any court having jurisdiction.

**15. GOVERNING LAW.** This document, the transactions evidenced hereby and any dispute that arises shall be **governed by the laws of the State of Minnesota, U.S.A.**, without regard to principles of conflicts of laws. The rights and obligations of the parties hereunder shall not be governed by the United Nations Convention on Contracts for the International Sale of Goods. Buyer irrevocably consents to the jurisdiction of the State and Federal Courts in Minnesota.

**16. FEDERAL GOVERNMENT ORDERS.** If any portion of this order is submitted in connection with a contract between Buyer and a United States federal government agency, United States federal government contractor or subcontractor, or any ultimate end user otherwise in connection with a United States federal government contract (a "US Federal Government Contract") Buyer understands that Seller can commit only to the requirements in the flow-down clauses listed in the TSI Incorporated Acceptable US Government Contract Clauses at <https://tsi.com/discover-tsi/our-policies/> effective as of the date of the Purchase Order. **Any different or additional terms of any such US Federal Government Contract shall not be binding on Seller as a subcontractor or otherwise unless agreed to by Seller in signed writing. Buyer is solely responsible for ensuring compliance with its US Federal Government Contracts.**

**17. MISCELLANEOUS.** This document is not an acceptance of any offer. All orders are subject to acceptance by Seller. Any action arising hereunder, or concerning the transactions evidenced hereby, in contract, in tort, or otherwise, other than an action for failure to pay, must be commenced within twelve (12) months of the date the cause of action accrues. Seller may correct any errors in the typed portion of this document at any time. These terms prevail over any of Buyer's general terms and conditions of purchase regardless of whether or when Buyer has submitted its purchase order or such terms. Seller's acknowledgement or performance through fulfillment of Buyer's order does not constitute acceptance of any of Buyer's terms and conditions and does not serve to modify or amend these terms.

Party Name: **Kern County Hospital Authority**

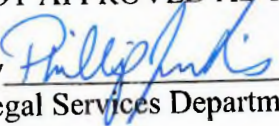
Signature:

Name: Philip McLaughlin

Title: **Chair, Board of Governors**

Date: **January 21, 2026**

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By   
Legal Services Department



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

January 21, 2026

**SUBJECT:** Proposed Quote 20317635 with TSI Incorporated

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

**Summary**

Kern Medical requests your Board approve the proposed Quote 20317635 with TSI Incorporated, for service contracts of 2 PortaCounts in an amount not to exceed \$5,320. The PortaCounts are used for fit testing the staff for the N95 respirator and various test equipment devices. This vendor was chosen because they are the manufacturer and authorized service provider. The proposed Quote will be effective January 21, 2026 through January 20, 2028.

Counsel is unable to approve the terms as to form because the terms are the unmodified terms of the vendor. The proposed Quote is governed by the laws of the state of Minnesota, risk of loss passes to the Authority upon shipment, limitation of liability among other nonstandard terms. Vendor was unwilling to engage in negotiations. This item is retroactive as the agreement expired before staff was able to conclude discussions with the vendor.

Therefore, it is recommended that your Board approve the proposed Quote 20317635 TSI Incorporated, for calibration and of 2 PortaCounts and test equipment, effective January 21, 2026 through January 20, 2028, with a not to exceed amount of \$5320 plus tax and shipping, and authorize the Chairman to sign.



**TSI Incorporated**  
**500 Cardigan Road**  
**Shoreview, MN 55126**  
**USA**  
**EIN 41-0843524**

**Tel: (800)680-1220**  
**Fax: (651)490-3824**  
**Web: www.TSI.com**  
**Email: orders@TSI.com**

Page 1 of 2

## Quotation

### Quote Contact

Cheryl DeLuca  
Tel: 661-326-2580  
Email: cheryl.deluca@kernmedical.com

### Bill-To-Party

Kern Medical Center  
PO Box 3519  
Bakersfield CA 93385-3519

### Ship-To-Party

Kern Medical Center  
1700 Mount Vernon Ave  
Bakersfield CA 93306-4018

### Make PO Out To: TSI Incorporated

|                          |  |
|--------------------------|--|
| <b>Quotation Number</b>  | 20317635                                       |
| <b>Quotation Date</b>    | 09/10/2025                                     |
| <b>Customer No</b>       | 5165995  |
| <b>Cust. Ref.</b>        |  |
| <b>Incoterms</b>         | 2020 CPT: Prepay & Add<br>Consignee's Premises |
| <b>Payment Term</b>      | Net 30 days                                    |
| <b>Valid To</b>          | 10/10/2025                                     |
| <b>Currency</b>          | USD  |
| <b>Method of Payment</b> | PO, Visa, Amex, Mastercard                     |

Please reference Quote number when submitting PO

| Item                | Material/Description  | Quantity | Unit Price | Amount   |
|---------------------|---|----------|------------|----------|
| 1                   | CLC2-8038<br>Pre-Paid Cal Contract; 2-Yr, 8038<br><br>QualityGuard Calibration Contracts are for "Clean and Calibration" only. This is not for use with Warranty Service or when Repair Service is deemed necessary by the TSI Service Group. All Service Contracts will be valid from the date of instrument shipment for new products, and the purchase order date for existing products. The Service Contract is linked to the serial number of the instrument. This Calibration Contract is non-transferrable, and no other instrument serial numbers will be accepted for service. | 2.00 EA  | 2,660.00   | 5,320.00 |
| <b>Sub Total</b>    |   |          |            | 5,320.00 |
| <b>Freight</b>      |   |          |            | TBD      |
| <b>Tax</b>          |   |          |            | TBD      |
| <b>Total Amount</b> |   |          |            | 5,320.00 |

S/N 8038164509 & 8026164502  
S/N 8038164511 & 8026164501

Sales Tax and Freight charges determined by tax status of customer and shipping method selected.

These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. Government or as otherwise authorized by U.S. law and regulations.



**TSI Incorporated**  
500 Cardigan Road  
Shoreview, MN 55126  
USA  
EIN 41-0843524

**Tel: (800)680-1220**  
**Fax: (651)490-3824**  
**Web: [www.TSI.com](http://www.TSI.com)**  
**Email: [orders@TSI.com](mailto:orders@TSI.com)**

Page 2 of 2

## Quotation

**Bill-To-Party**  
Kern Medical Center

**Quotation Number** 20317635  
**Quotation Date** 09/10/2025

| Item | Material/Description | Quantity | Unit Price | Amount |
|------|----------------------|----------|------------|--------|
|------|----------------------|----------|------------|--------|

APPROVED AS TO FORM:  
Legal Services Department

By Phillip Jenkins  
Kern County Hospital Authority

KERN COUNTY HOSPITAL AUTHORITY

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

Date: \_\_\_\_\_

*This Quotation is subject to the warranties, disclaimers and all other terms and conditions set forth by TSI Inc. and incorporated by reference and to no others. Seller reserves the right to change prices effective on any new orders, provided Seller notifies in writing those with currently valid Quotations prior to any order being placed. This quotation shall become an agreement binding upon the Buyer and Seller when accepted by the Buyer and subsequently accepted by an authorized representative of the Seller at the Seller's home office and thereupon shall constitute the entire agreement between the parties.*

**Shelly Arman**  
TSI Incorporated

Date 09/10/2025

TSI Terms and Conditions apply and are incorporated by reference. See <http://www.tsi.com/tc.pdf>  
For payment terms, complete credit application at <http://www.tsi.com/credit-app/>

**TERMS AND CONDITIONS**  
**TSI INCORPORATED SHALL HEREINAFTER BE REFERRED TO AS "SELLER"**

**DISCLAIMER:**  
**THESE TERMS AND CONDITIONS MAY NOT COMPLY WITH THE TERMS OF US FEDERAL GOVERNMENT CONTRACTS RELATED TO THIS PURCHASE ORDER. SEE SECTION 16 BELOW. PLEASE READ CAREFULLY.**

1. **PAYMENT; DELIVERY.** Unless otherwise agreed, payment is due in U.S. Dollars within 30 days of the date of shipment. Charges for services are due upon receipt of invoice. Unless otherwise agreed by Seller in writing, Seller shall not be required to use Buyer's centralized purchasing system or any form of electronic transaction processing tool to issue and/or manage purchase orders and/or invoices. Interest in the maximum amount permitted by law may be charged on past due invoices. Buyer shall reimburse Seller for all costs and expenses incurred in the collection of amounts past due, including attorneys' fees. All quoted delivery dates are approximate and shall commence when Seller has acknowledged receipt of documents required to effect shipment. Seller may require payment in advance if it believes the financial condition of Buyer does not justify shipment, or subsequent deliveries, on the payment terms originally specified. If Buyer becomes bankrupt or insolvent, or a proceeding is brought by or against Buyer under such laws, Seller may cancel any outstanding order, and Buyer shall reimburse Seller for its cancellation charges. Seller reserves the right to ship and to make collection by sight draft.
2. **RISK OF LOSS; TITLE.** Unless otherwise agreed, the risk of loss passes to Buyer when the goods are delivered to the carrier. Where the risk of loss has passed to Buyer, or where Buyer has selected the method of shipment or delivery, Buyer must obtain redress for freight losses, shortages or damages from the carrier or its insurer. Seller is not responsible for any such losses. Notwithstanding any provision of INCOTERMS or contained herein, equitable title and accession to the goods shall, where permitted by law, remain with Seller until Buyer is paid in full. This shall be the case even if legal title to the goods shall be deemed by law to have passed to Buyer at the time of delivery and prior to performance of all of Buyer's obligations. Buyer shall grant, and by acceptance of the goods is deemed to have granted, to Seller a first security interest in all goods to secure payment of amounts owed by Buyer. Buyer agrees to execute a financing statement at Seller's request. Seller may reclaim any goods delivered or in transit if Buyer fails to make payment when due.
3. **SHIPMENT.** Unless otherwise agreed, prices are FCA Seller's factory (Reference INCOTERMS 2020) and any charges Seller may be required to pay or collect on the sale, purchase, delivery, storage, use or transportation of the goods shall be paid by Buyer. Method of shipment or delivery will be at Seller's discretion unless otherwise agreed.
4. **TAXES; RE-EXPORT.** Any government tax, fee, duty or charge on the sale, purchase, delivery or use of the goods and/or services sold hereunder shall be paid by Buyer, in addition to the purchase price, unless otherwise agreed. Certain goods are subject to international export control regulations. Buyer shall be responsible for compliance with all regulations related to the export of goods to end-users including, but not limited to, adherence to the US Export Administration Regulations. Buyer agrees to provide Seller with any end user information requested by Seller necessary to support compliance with all regulations related to the export of goods. Further Seller shall be provided access to Buyer's facility, as necessary, for the purpose of performing an audit on Buyer's export compliance program.
5. **LIMITATION OF WARRANTY AND LIABILITY.** Seller warrants the goods, excluding software, sold hereunder, under normal use and service as described in the operator's manual (version published at the time of sale), to be free from defects in workmanship and material for the longer period of either **12 months or the length of time specified in the operator's manual/warranty statement** provided

with the goods or made available electronically (version published at the time of sale), from the date of shipment to the customer. This warranty period is inclusive of any statutory warranty. **This limited warranty is subject to the following exclusions and exceptions:**

a. Hot-wire or hot-film sensors used with research anemometers, and certain other components when indicated in specifications, are warranted for 90 days from the date of shipment; b. Pumps are warranted for hours of operation as set forth in product or operator's manuals (versions published at the time of sale); c. Parts repaired or replaced as a result of repair services are warranted to be free from defects in workmanship and material, under normal use, for 90 days from the date of shipment; d. Seller does not provide any warranty on finished goods manufactured by others or on any fuses, batteries or other consumable materials. Only the original manufacturer's warranty applies; e. This warranty does not cover calibration requirements, and Seller warrants only that the goods are properly calibrated at the time of its manufacture. Goods returned for calibration are not covered by this warranty; f. This warranty is **VOID** if the goods are opened by anyone other than a factory authorized service center with the one exception where requirements set forth in the operator's manual (version published at the time of sale) allow an operator to replace consumables or perform recommended cleaning; g. This warranty is **VOID** if the goods have been misused, neglected, subjected to accidental or intentional damage, or is not properly installed, maintained, or cleaned according to the requirements of the operator's manual (version published at the time of sale). Unless specifically authorized in a separate writing by Seller, Seller makes no warranty with respect to, and shall have no liability in connection with, goods which are incorporated into other products or equipment, or which are modified by any person other than Seller; h. New parts or components purchased are warranted to be free from defects in workmanship and material, under normal use, for 90 days from the date of shipment.

The foregoing is **IN LIEU OF** all other warranties and is subject to the **LIMITATIONS** stated herein. **NO OTHER EXPRESS OR IMPLIED WARRANTY OF FITNESS FOR PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. WITH RESPECT TO SELLER'S BREACH OF THE IMPLIED WARRANTY AGAINST INFRINGEMENT, SAID WARRANTY IS LIMITED TO CLAIMS OF DIRECT INFRINGEMENT AND EXCLUDES CLAIMS OF CONTRIBUTORY OR INDUCED INFRINGEMENTS. BUYER'S EXCLUSIVE REMEDY SHALL BE THE RETURN OF THE PURCHASE PRICE DISCOUNTED FOR REASONABLE WEAR AND TEAR OR AT SELLER'S OPTION REPLACEMENT OF THE GOODS WITH NON-INFRINGEMENTS.**

TO THE EXTENT PERMITTED BY LAW, THE EXCLUSIVE REMEDY OF THE USER OR BUYER, AND THE LIMIT OF SELLER'S LIABILITY FOR ANY AND ALL LOSSES, INJURIES, OR DAMAGES CONCERNING THE GOODS (INCLUDING CLAIMS BASED ON CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY OR OTHERWISE) SHALL BE THE RETURN OF GOODS TO SELLER AND THE REFUND OF THE PURCHASE PRICE, OR, AT THE OPTION OF SELLER, THE REPAIR OR REPLACEMENT OF THE GOODS. IN THE CASE OF SOFTWARE, SELLER WILL REPAIR OR REPLACE DEFECTIVE SOFTWARE OR IF UNABLE TO DO SO, WILL REFUND THE PURCHASE PRICE OF THE SOFTWARE. **IN NO EVENT SHALL SELLER BE LIABLE FOR LOST PROFITS, BUSINESS INTERRUPTION, OR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES.** SELLER SHALL NOT BE RESPONSIBLE FOR INSTALLATION, DISMANTLING OR REINSTALLATION COSTS OR CHARGES. No Action, regardless of form, may be brought against Seller more than 12 months after a cause of action has accrued. The goods returned under warranty to Seller's factory shall be at Buyer's risk of loss, and will be returned, if at all, at Seller's risk of loss.

Buyer and all users are deemed to have accepted this LIMITATION OF WARRANTY AND LIABILITY, which contains the complete and exclusive limited warranty of Seller. This LIMITATION OF WARRANTY AND LIABILITY may not be amended, modified or its terms waived, except by writing signed by an Officer of Seller.

6. **INSPECTION: ACCEPTANCE.** Buyer shall inspect goods delivered or repairs performed within 15 business days from the date of receipt of the goods or completion of the repairs. Within that time Buyer shall send Seller a written notice specifying any respects in which the goods or repairs are nonconforming. Failure to send a written notice shall constitute a waiver of Buyer's claims for any nonconformity that an inspection, whether or not in fact carried out, should have discovered. Buyer is deemed to have accepted delivered goods on terms set forth herein, unless within 15 business days of receipt of the goods Buyer sends a written notice of rejection that provides detailed grounds for rejection. No order may be canceled or altered by Buyer except on terms and conditions accepted in writing by Seller. Seller may impose reasonable cancellation charges. Goods may not be returned for credit unless pre-approved in writing by Seller. A restocking charge will be applied.

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8. **BUYER'S SPECIFICATIONS AND USE OF GOODS.** If the goods sold are manufactured to Buyer's specifications, or if the goods are used in conjunction with products not supplied by Seller, then Buyer shall indemnify and hold Seller harmless from and against any suits, claims, losses, expenses, and other liabilities including costs and attorneys' fees, whether for loss, personal injury, infringement or otherwise, which result from Buyer's specifications or use of product not furnished by Seller. Product or equipment furnished to Seller by Buyer shall be at Buyer's sole risk and expense. Unless agreed in writing by Seller, any tools, dies, or materials used in producing goods to Buyer's specifications shall remain Seller's property.

9. **EXPRESS INDEMNIFICATION.** During the life of the goods sold, Buyer agrees to use its best efforts to ensure that all safety and product information provided by Seller is provided to all users (customers, employees, and independent contractors). This may include warning labels, instruction manuals, and training users in the safe installation, use and maintenance of the goods. Buyer agrees to defend, protect, indemnify and hold Seller harmless from and against all claims, losses, expenses, damages and liabilities to the extent caused by Buyer's negligence, including Buyer's failure to comply with the aforementioned safety obligations.

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The goods sold may incorporate certain software including, but not limited to, an application, tool or other support solution (a "Solution") that is governed by Additional Software Licenses. Access to and use of a Solution may require Buyer to acknowledge and accept the terms of such Additional Software Licenses. Failure to agree to such Additional Software Licenses may restrict access to a Solution or limit the use of certain features and functions.

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Online Solutions available on a paid subscription basis require payment prior to access or use ("Paid Subscriptions"). Detailed information about Paid Subscription plans, including their features and benefits are located at <https://tsi.com/products/tsi-link-solutions/>. Buyer must review any Paid Subscription plans applicable to the goods sold prior to placing an order.

Paid Subscriptions subject to automatically renew are located at <https://tsi.com/resources/tsi-link-subscription-renewal/#>.

PAID SUBSCRIPTIONS AUTOMATICALLY RENEW AT THE END OF THE INITIAL TERM AND EACH SUBSEQUENT RENEWAL TERM FOR AN ADDITIONAL ONE (1) YEAR PERIOD, UNLESS BUYER OR USER PROVIDES SELLER WITH A NOTICE OF CANCELLATION PRIOR TO THE EXPIRATION OF THE THEN-CURRENT TERM. THE PRICE FOR EACH RENEWAL TERM WILL BE DETERMINED BY THE SELLER'S THEN-CURRENT RATE, AS SPECIFIED IN THE APPLICABLE PAID SUBSCRIPTION PLAN, WHICH WILL BE MADE AVAILABLE OR PROVIDED DIRECTLY BY SELLER NO LATER THAN NINETY (90) DAYS PRIOR TO THE EXPIRATION OF THE THEN-CURRENT TERM.

BUYER OR USER MAY CANCEL A SUBSCRIPTION BY CALLING 1-800-680-1220 OR +1 651-490-2860, EMAILING ANSWERS@TSI.COM, SENDING A WRITTEN NOTICE OF CANCELLATION TO TSI INCORPORATED, 500 CARDIGAN ROAD, SHOREVIEW, MN 55126 USA OR BY LOGGING INTO THEIR ACCOUNT AND CANCELLING DIRECTLY FROM THEIR ACCOUNT ON WWW.TSILINK.COM.

Buyer or user will not receive a refund for the current billing cycle as Buyer or user will continue to have the same access and benefits of the Subscription for the remainder of the current billing period. Seller does not offer prorated refunds for cancelled Subscriptions.

Seller reserves the right to change Subscription Plans and rates from time to time. In the event of such changes, and if required, Seller will notify Buyer and user and request consent to continue.

**13. SOLE AND EXCLUSIVE TERMS OF SALE.** Except as otherwise agreed to in writing by Seller as to each paragraph herein or as required by any Additional Software Licenses including, but not limited to, those governing Solutions and Online Solutions, Buyer agrees that this document contains the sole and exclusive terms and conditions governing the sale of the goods and/or services sold hereunder. Any additional or different terms in documents provided by Buyer in any transaction paperwork or otherwise shall not apply and are hereby expressly objected to by Seller.

**14. ARBITRATION.** Seller may bring an action for nonpayment, infringement, or equitable relief before any judicial court of competent jurisdiction without need for arbitration. Any other claim or dispute arising out of or concerning the transaction evidenced hereby shall be settled by binding arbitration in Minneapolis, MN, under the Commercial Rules and procedures of the American Arbitration Association in effect at the time of the dispute. The arbitration panel shall be comprised of one person. The language of the arbitration shall be English. The award shall be enforceable in any court having jurisdiction.

**15. GOVERNING LAW.** This document, the transactions evidenced hereby and any dispute that arises shall be **governed by the laws of the State of Minnesota, U.S.A.**, without regard to principles of conflicts of laws. The rights and obligations of the parties hereunder shall not be governed by the United Nations Convention on Contracts for the International Sale of Goods. Buyer irrevocably consents to the jurisdiction of the State and Federal Courts in Minnesota.

**16. FEDERAL GOVERNMENT ORDERS.** If any portion of this order is submitted in connection with a contract between Buyer and a United States federal government agency, United States federal government contractor or subcontractor, or any ultimate end user otherwise in connection with a United States federal government contract (a "US Federal Government Contract") Buyer understands that Seller can commit only to the requirements in the flow-down clauses listed in the TSI Incorporated Acceptable US Government Contract Clauses at <https://tsi.com/discover-tsi/our-policies/> effective as of the date of the Purchase Order. **Any different or additional terms of any such US Federal Government Contract shall not be binding on Seller as a subcontractor or otherwise unless agreed to by Seller in signed writing. Buyer is solely responsible for ensuring compliance with its US Federal Government Contracts.**

**17. MISCELLANEOUS.** This document is not an acceptance of any offer. All orders are subject to acceptance by Seller. Any action arising hereunder, or concerning the transactions evidenced hereby, in contract, in tort, or otherwise, other than an action for failure to pay, must be commenced within twelve (12) months of the date the cause of action accrues. Seller may correct any errors in the typed portion of this document at any time. These terms prevail over any of Buyer's general terms and conditions of purchase regardless of whether or when Buyer has submitted its purchase order or such terms. Seller's acknowledgement or performance through fulfillment of Buyer's order does not constitute acceptance of any of Buyer's terms and conditions and does not serve to modify or amend these terms.

Party Name: **Kern County Hospital Authority**

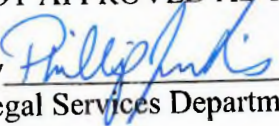
Signature:

Name: Philip McLaughlin

Title: **Chair, Board of Governors**

Date: **January 21, 2026**

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By   
Legal Services Department



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

January 21, 2026

**Subject:** Proposed retroactive Amendment No. 2 to Agreement 117-2024 with Kern Medical Center Foundation

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

**Summary:**

The Authority recommends your Board retroactively approve Amendment No. 2 to Agreement 117-2024 with Kern Medical Center Foundation for administrative management of the Foundation. The Agreement specifies that the Foundation will reimburse the Authority for salaries and benefits associated with staffing of the Foundation, including the Senior Director of Foundation Operations and support staff, in accordance with the fiscal provisions of the staffing fee set forth in Exhibit A. The Agreement was effective August 1, 2023, and will remain in effect unless terminated. The Amendment is retroactive to October 1, 2025.

The amendment is retroactive to October 1, 2025 due to the expiration of the staffing fee for the period of August 1, 2024 through September 30, 2025. While the date range specified in Amendment No. 1 for the staffing fee have passed, it should be noted that the maximum payable in Amendment No. 1 for the period August 1, 2025 through September 30, 2025, was never exceeded.

Each year the Authority provides salary increases to its staff based on various factors including organizational performance, individual performance, and experience. The proposed Amendment reflects the anticipated increases in salaries and benefits, effective October 1, 2025, for staff engaged or employed by the Authority pursuant to the terms of the Agreement. The Foundation has no obligation to pay the staffing fee until the Authority incurs such expenses (the staffing fee is calculated on a prorated basis as positions are filled and/or vacated). The maximum payable by the Foundation will not exceed \$496,901.48 for the period October 1, 2025 through September 30, 2026.

Therefore, it is recommended that your Board retroactively approve Amendment No. 2 to Agreement 117-2024 with Kern Medical Center Foundation for administrative management services, effective October 1, 2025, and authorize the Chairman to sign.

**AMENDMENT NO. 2  
TO  
STAFFING AGREEMENT  
(Kern County Hospital Authority – Kern Medical Center Foundation)**

This Amendment No. 2 to the Staffing Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2026, between Kern County Hospital Authority, a local unit of government (“Authority”), and Kern Medical Center Foundation, a California nonprofit public benefit corporation (“Foundation”), with its principal place of business located at 900 Truxtun Avenue, Suite 330, Bakersfield, California 93301.

**RECITALS**

(a) The parties have heretofore entered into a Staffing Agreement dated June 26, 2024 (“Agreement”), whereby Authority provides qualified personnel as is necessary for the proper and efficient operation of Foundation; and

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

(c) The Agreement is amended effective October 1, 2025;

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 3, Payment for Services, paragraph 3.4, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“3.4 Maximum Payable. The maximum payable by Foundation under this Agreement shall not exceed \$496,901.48 for the period October 1, 2025 through September 30, 2026.”

2. Exhibit “A,” Staffing Fee, shall be deleted in its entirety and replaced with Amendment No. 2 to Exhibit “A,” Staffing Fee, attached hereto and incorporated herein by this reference.

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

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

5. 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.

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

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 2  
as of the day and year first written above.

KERN MEDICAL CENTER FOUNDATION

By \_\_\_\_\_  
Chairman  
Board of Directors

KERN COUNTY HOSPITAL AUTHORITY

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

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Scott Thygerson  
Chief Executive Officer

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By \_\_\_\_\_  
Vice President & General Counsel  
Kern County Hospital Authority

**AMENDMENT NO. 2  
TO  
EXHIBIT “A”  
STAFFING FEE  
(Effective October 1, 2025)**

**[TO BE ATTACHED]**

**Amendment No. 1 to Exhibit A**  
**Staffing Fee**  
**Effective October 1, 2025**

|                                       |                  |                | Compensation  |                |                     | Benefits                      | Total Compensation |
|---------------------------------------|------------------|----------------|---------------|----------------|---------------------|-------------------------------|--------------------|
| Job Classification                    | Cost Center Code | Full/Part time | Base Salary   | 6% premium pay | Annual Compensation | Annual Employer Paid Benefits |                    |
| Sr. Director of Foundation Operations | 86100            | Full Time      | \$ 145,600.00 | \$ 8,736.00    | \$ 154,336.00       | \$ 38,060.36                  | \$ 192,396.36      |
| Director of Foundation Operations     | 86100            | Full Time      | \$ 130,569.45 | \$ 7,834.17    | \$ 138,403.62       | \$ 35,557.77                  | \$ 173,961.39      |
| Manager of Foundation Grants          | 86100            | Full Time      | \$ 95,169.81  | \$ 5,710.19    | \$ 100,880.00       | \$ 29,663.73                  | \$ 130,543.73      |



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

January 21, 2026

**Subject:** Proposed Statement of Institutional Commitment to Graduate Medical Education

**Recommended Action:** Approve

**Summary:**

Kern Medical requests your Board approve the attached Statement of Institutional Commitment to Graduate Medical Education. The Accreditation Council for Graduate Medical Education (ACGME) requires a current statement of Board commitment as part of the program and institutional requirements imposed by ACGME. The current statement of commitment was approved by your Board on June 21, 2023.

Hospital teaching programs are accredited by the ACGME. This accreditation means that the overall program structure is in conformance with general standards and is the means by which national oversight agencies are assured that an excellent teaching environment is maintained. Each physician specialty training program is then accredited by another review agency called Resident Review Committee or RRC. The RRC is responsible to ensure that the specific content of the specialty training program meets national standards.

Kern Medical has 10 ACGME-accredited residency and fellowship programs. ACGME accreditation and RRC certification are required for the graduates to receive a valid certification of completion for physician licensing. Accreditation and certification also are required for Kern Medical to be eligible to receive graduate medical education money from the Medicare/Medicaid programs either through direct reimbursement as it relates to patient care or through the disproportionate share hospital program.

The ACGME commitment statement is an expression of interest by your Board in graduate medical education. It is also a statement of commitment that as long as the teaching programs exist at Kern Medical, they will be supported through an investment of people, facilities, and appropriate systems, but it does not commit your Board to any specific allocation of resources. This statement has been revised to conform to the new ACGME requirements, which include the actual date the statement is approved by your Board and specific references to the human and clinical resources necessary to sustain the graduate medical education programs. The ACGME requires an updated statement of commitment by the institution's governing body every five years. The next statement is due on or before January 21, 2031.

Therefore, IT IS RECOMMENDED that your Board approve the attached Statement of Institutional Commitment to Graduate Medical Education, effective January 21, 2026, and authorize the Chairman to sign.



**KERN COUNTY HOSPITAL AUTHORITY  
KERN MEDICAL CENTER  
STATEMENT OF INSTITUTIONAL COMMITMENT TO GRADUATE MEDICAL EDUCATION**

COMMITMENT: Kern Medical Center (KMC) is owned and operated by Kern County Hospital Authority. The Board of Governors of Kern County Hospital Authority is held ultimately accountable for all aspects of KMC's operations and has adopted the stated mission. The Board of Governors has delegated to the Medical Staff the responsibility for the quality of medical care and education at KMC. KMC, in conjunction with its Medical Staff, is committed to excellence in residency education within an environment of quality patient care. The Board of Governors, through the KMC Administration, provides resources dedicated to maintaining the necessary teaching staff and other financial aspects of sustaining the accredited residency programs. To accomplish this objective, Kern County Hospital Authority and its Sponsoring Institution through KMC are committed to the following:

1. To provide the leadership and financial and educational resources needed to enable the institution to achieve substantial compliance with the Accreditation Council for Graduate Medical Education (ACGME) Institutional Requirements and Common Program Requirements, and to enable the residency and fellowship programs to achieve substantial compliance with specific program requirements.
2. To provide an organized administrative system to oversee all residency and fellowship programs through the Graduate Medical Education Committee (GMEC) and the Designated Institution Official having authority and responsibility for central administration of the graduate medical education programs.
3. To provide an ethical, professional, and scholarly environment in which to conduct graduate medical education and to promote scholarly activity.
4. To provide an Institutional Review Board as the administrative structure for oversight of all research activities and maintenance of state and federal regulatory compliance.
5. To ensure that each sponsored residency and fellowship program provides an organized educational program with guidance and supervision of the residents/fellows, facilitating their professional and personal development while ensuring safe and appropriate care for patients.
6. To ensure the regular assessment of the educational quality of ACGME-accredited programs and to ensure that these programs are in substantial compliance with the Institutional, Common and specialty-specific Program Requirements and the ACGME Policies and Procedures.
7. To foster a diverse, equitable and inclusive learning environment.

8. To provide adequate resources, such as appropriate space, modern technology, and necessary supplies, are readily available to provide effective support for each of the institution's ACGME-accredited programs. These resources are essential for facilitating the educational and clinical activities of the programs and ensuring a conducive learning environment for residents and fellows.
9. To create a robust clinical learning environment that promotes patient safety, high-quality care, and interprofessional collaboration. KMC will provide clinical resources and ensure that our residents and fellows receive comprehensive and diverse clinical experiences to develop the necessary skills and competencies required for their respective specialties.
10. To recognize the significance of resident and fellow well-being and are committed to fostering a supportive and healthy environment. KMC will actively promote work-life balance, encourage mental and physical wellness, and provide resources to address any issues related to well-being.
11. To ensure that when resident/fellow education occurs in a participating institution, that KMC continues to have responsibility for the quality of that educational experience and retains authority over the activities of residents/fellows, and that appropriate letters of agreements exist between KMC and all participating institutions.
12. To maintain KMC's accreditation by The Joint Commission.
13. To provide and maintain facilities to meet the needs of its educational programs and patient care services and to acquire and maintain appropriate medical equipment and technology to support the hospital staff.
14. To develop and maintain a hospital staff with the appropriate range of skills and specialties capable of providing quality patient care, service, and education.
15. To continuously evaluate and improve patient care from a clinical and service perspective and to conduct formal quality assurance programs by reviewing complications and deaths, and to ensure that residents/fellows participate in KMC's performance improvement program and uphold the Clinical Learning Environment Review (CLER) program.
16. To embrace the challenge of eliminating health disparities and transforming health care to enrich and improve the lives of those we serve.

MISSION STATEMENT: KMC provides a diverse learning environment that supports and expands access to the highest quality of patient-centered care in the Central Valley, promotes academic excellence and personal growth, sponsors scholarship and research, and nurtures professional development and well-being.

The governing authority, the administration, and the teaching faculty and staff support this Statement of Institutional Commitment.

Dated: January 21, 2026

**Kern County Hospital Authority**

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

**Kern Medical Center**

By: \_\_\_\_\_  
Chief Executive Officer

**Graduate Medical Education at  
Kern Medical Center**

By: \_\_\_\_\_  
Designated Institutional Official



January 14, 2026

From: Kern Medical Center

To: Kern County Hospital Authority Board of Governors  
Kern County Board of Supervisors  
City of Bakersfield City Council  
Kern County Office of Emergency Services  
California Office of Emergency Services

Subject: AB 1882 Seismic Compliance Reporting

1. Per Assembly Bill (AB) 1882 (Chapter 584, Statutes of 2022), Kern Medical Center reports its seismic compliance status in paragraph 2 below. AB 1882 seeks to raise the awareness of a general acute care hospital's compliance with the seismic safety regulations or standards outlined in the Alfred E. Alquist Hospital Facility's Seismic Safety Act of 1983 through public notices, hospital campus postings, Department of Health Care Access and Information website, and annual status updates until compliance is achieved.

As defined in Section 129725 and licensed pursuant to subdivision (a) of Section 1250 of the Health & Safety Code, general acute care hospitals in California, must comply with the Structural Performance Category (SPC) and Non-structural Performance Category (NPC) regulations mandated by the Health Care Access and Information (HCAI) department.

Below is a brief description of each SPC/NPC rating:

- SPC 1 – These buildings pose significant risk of collapse and danger to the public.
- SPC 2 – These buildings do not significantly jeopardize life, but may not be repairable or functional following strong ground motion.
- SPC 3 – These buildings may experience structural damage which does not significantly jeopardize life, but may not be repairable or functional following strong ground motion.
- SPC 4 – These buildings are in compliance with the structural provisions, but may experience structural damage which may inhibit ability to provide services to the public following strong ground motion.
- SPC 5 – Buildings that are in compliance with the structural provisions, and are reasonable capable of providing services to the public following strong ground motion.
- NPC 1 – Buildings with equipment and systems not meeting the anchoring requirements.

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

1700 Mount Vernon Avenue | Bakersfield, CA 93306 | (661) 326-2000 | [KernMedical.com](http://KernMedical.com)

- NPC 2 – Communications systems, emergency power supply, bulk medical gas systems, fire alarm systems and emergency lighting/equipment/signs in means of egress are seismically strapped/anchored.
- NPC 3 – The building meets the criteria for NPC “2” and in critical care areas where nonstructural components, equipment and fire sprinkler systems are seismically strapped/anchored.
- NPC 4 – Building meets the criteria for NPC “3” and all architectural, mechanical, electrical systems, components/equipment and hospital equipment meet the seismic bracing/anchoring requirements.
- NPC 5 – Building meets the criteria for NPC “4” and on-site supplies of water and holding tanks for sewage and liquid waste, sufficient to support 72 hours of emergency operations, are integrated into the building plumbing systems. An on-site emergency system is incorporated into the building electrical system for critical care areas. Additionally, the system shall provide for radiological services and an onsite supply fuel supply for 72 hours of acute care operations.

## 2. Building Status:

- a. Building 00808 (G Wing Dietary), SPC-2/NPC-2. The State of California has determined that this building does not significantly jeopardize life, but may not be repairable or functional following an earthquake. The following services are provided in this building: housekeeping/environmental services and supplies, kitchen storage, engineering, employee health, simulation lab, social services, case management, staff development.
- b. Building 00809 (Central Utility Plant), SPC-5/NPC-4. The State of California has determined that this building is at risk of not being functional to provide care to its patients or community after an earthquake. The following services are provided in this building: central utilities
- c. Building 00804 (D Wing), SPC-4/NPC-2. The State of California has determined that this building does not significantly jeopardize life, but may not be repairable or functional following an earthquake. The following services are provided in this building: nursing and general medical, med surge, clinical lab, neonatal intensive care, postpartum, respiratory, intensive care.
- d. Building 00805 (E Wing), SPC-5/NPC-2. The State of California has determined that this building is at risk of not being functional to provide care to its patients or community after an earthquake. The following services are provided in this building: emergency services, radiology, surgery, anesthesia, sterile supplies, sterile processing, general storage.
- e. Building 03806 (B/C Wing South), SPC-2/NPC-2. The State of California has determined that this building does not significantly jeopardize life, but may not be repairable or functional following an earthquake. The following services are provided in this building: general medical, imaging, radiological, diagnostic imaging, general storage, obstetrics, pediatric, pharmacy, administration.

- f. Building 00806 (E Wing Infill), SPC-5/NPC-2. The State of California has determined that this building is at risk of not being functional to provide care to its patients or community after an earthquake. The following services are provided in this building: surgery, radiology, post-anesthesia care unit, patient dressing room.
- g. Building 00803 – (B/C Wing North), SPC-2/NPC-2. The State of California has determined that this building does not significantly jeopardize life, but may not be repairable or functional following an earthquake. The following services are provided in this building: behavioral health, general medical, general storage, obstetrics, pediatric/adolescent nursing, diagnostic imaging, dietetic, special procedures, nuclear medicine, outpatient services, respiratory, physical rehabilitation, staff dressing room.

Sincerely,

Scott Thygerson,  
Chief Executive Officer  
Kern Medical



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

January 21, 2026

**Subject:** Report on upcoming anticipated retroactive agreements

**Recommended Action:** Receive and File

**Summary:**

On February 18, 2025, your Board requested that staff notify your Board of upcoming retroactive agreements. Staff has compiled the attached report on upcoming anticipated retroactive agreements since last reported in April. As requested, all board memos will state the reason for the retroactivity and reference the date your Board was first notified the agreement would be retroactive.

Therefore, it is recommended that your Board receive and file the attached report.

**BOARD OF GOVERNORS**  
**REPORT ON UPCOMING ANTICIPATED RETROACTIVE AGREEMENTS**  
**January 21, 2026**

| <b>Agreement</b>      | <b>Description</b>  |
|-----------------------|---|
| McMurtrey Lince, Inc. | Unforeseen adjustments for the pediatric emergency department |
|                       |   |



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


January 21, 2026

**Subject:** Proposed Report of Independent Auditors from Baker Tilly US, LLP

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

**Summary:**

Kern Medical requests your Board receive and file and refer the Report of Independent Auditors from Baker Tilly US, LLP, for the audit of Kern Medical Center's financial statements to the Kern County Board of Supervisors, as required by the county ordinance. The scope of the audit includes the audit of Kern Medical Center financial statements, which comprise the statement of net position as of June 30, 2025, 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. Representatives of Baker Tilly will be available to present the report and answer questions.



Reports of Independent Auditors and Financial Statements with  
Required Supplementary Information

**Kern County Hospital Authority**

June 30, 2025 and 2024

## Table of Contents

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|  | Page |
|--|------|
| <b>Management's Discussion and Analysis</b>  | 1    |
| <b>Report of Independent Auditors</b>  | 10   |
| <b>Financial Statements</b>  |      |
| Statements of Net Position   | 14   |
| Statements of Revenues, Expenses, and Changes in Net Position  | 15   |
| Statements of Cash Flows   | 16   |
| Notes to Financial Statements  | 18   |
| <b>Required Supplementary Information</b>  |      |
| Schedule of the Proportionate Share of the Net OPEB Liability (Asset) for Kern Medical   | 49   |
| Schedule of the Proportionate Share of the Net Pension Liability for Kern Medical  | 50   |
| Schedule of Contributions for Kern Medical   | 51   |
| <b>Supplementary Information</b>   |      |
| Schedule of Net Position   | 53   |
| Schedule of Revenues, Expenses and Changes in Net Position   | 55   |
| <b>Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> | 57   |
| <b>Schedule of Findings and Responses</b>  | 59   |

# Kern County Hospital Authority

## Management's Discussion and Analysis

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The discussion and analysis of the financial performance of Kern County Hospital Authority (the Authority or Kern Medical) provides an overall review of the financial activities for the years ended June 30, 2025, 2024, and 2023. The intent of this discussion and analysis is to provide further information about Kern Medical's financial performance as a whole. Readers should also review the financial statements and the accompanying notes to the financial statements to enhance their understanding of Kern Medical's financial performance.

### Summary of Organization and Business

The County of Kern (County) established the Authority as a public entity separate from the County to operate Kern Medical Center, a highly specialized tertiary referral center, an academic institution, and a designated public hospital for Kern County. The County transferred the ownership and operations of Kern Medical effective July 1, 2016. The Authority provides an organizational and operational structure that facilitates and enhances Kern Medical's ability to function with flexibility, responsiveness, and innovation. The creation of an independent Hospital Authority also provides maintenance, operation, management, and control of Kern Medical and its related health care resources in a manner consistent with the County's obligations under Section 17000 of the Welfare and Institutions Code. Further, the Authority offers an approach to achieve these objectives in a manner that ensures the continued viability of Kern Medical, and it constitutes an ongoing material benefit to the County and its residents. The Authority is not governed by, or subject to the County's Civil Service Commission regulation or other operational rules of the County, including, but not limited to, those relating to personnel and procurement.

### Key Performance Indicators

|                                   | 2025   | 2024   | 2023   |
|-----------------------------------|--------|--------|--------|
| Admissions (excluding births)     | 10,184 | 9,608  | 9,364  |
| Discharges                        | 12,453 | 12,658 | 12,503 |
| Births                            | 2,604  | 2,530  | 2,272  |
| Patient days (excluding newborns) | 64,243 | 60,008 | 59,351 |
| Average daily census              | 176    | 164    | 163    |

# **Kern County Hospital Authority**

## **Management's Discussion and Analysis**

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### **Overview of the Financial Statements**

The financial statements of Kern Medical report information about Kern Medical's use of accounting methods, which are similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities and include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, the accompanying notes are an integral part of these financial statements.

The statement of net position includes all of Kern Medical's assets, liabilities, and deferred inflows and outflows and provides information about the nature and amounts of investments in resources (assets) and obligations to Kern Medical's creditors (liabilities). It also provides the basis for evaluating the capital structure of Kern Medical and assessing the liquidity and financial flexibility of Kern Medical.

The statement of revenues, expenses, and changes in net position reports all of the revenues and expenses during the time period indicated. This statement measures the success of Kern Medical's operations over the past year and can be used to determine whether Kern Medical has successfully recovered all of its costs through its charges at established rates and other revenues. Over time, increases or decreases in net position may serve as a unique indicator of whether or not the financial position of Kern Medical is improving or deteriorating.

The statement of cash flows reports cash receipts; cash payments; changes in cash resulting from operations, investing, and financing activities; and the changes in cash during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about Kern Medical's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

# Kern County Hospital Authority

## Management's Discussion and Analysis

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### Financial Analysis

#### Condensed Statements of Net Position

|   | June 30,              |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | 2025                  | 2024                  | 2023                  |
| Current assets  | \$ 361,756,738        | \$ 335,066,016        | \$ 331,734,116        |
| Right-to-use assets   | 8,403,667             | 11,678,001            | 7,095,039             |
| Subscription-Based Information<br>Technology Arrangements (SBITA)     | 1,502,491             | 2,253,087             | 3,026,383             |
| Other post-employment benefits (OPEB)                                 | 2,173,374             | 1,452,817             | -                     |
| Capital assets  | <u>96,837,579</u>     | <u>95,368,229</u>     | <u>95,938,261</u>     |
| Total assets  | 470,673,849           | 445,818,150           | 437,793,799           |
| Deferred outflows of resources  | <u>107,614,345</u>    | <u>118,686,651</u>    | <u>106,689,945</u>    |
| Total assets and deferred<br>outflows of resources                    | <u>\$ 578,288,194</u> | <u>\$ 564,504,801</u> | <u>\$ 544,483,744</u> |
| Current liabilities   | \$ 72,715,638         | \$ 69,522,227         | \$ 62,086,798         |
| Noncurrent liabilities  | <u>378,919,669</u>    | <u>393,501,628</u>    | <u>396,533,096</u>    |
| Total liabilities   | <u>451,635,307</u>    | <u>463,023,855</u>    | <u>458,619,894</u>    |
| Deferred inflows of resources   | <u>24,765,696</u>     | <u>36,070,074</u>     | <u>25,368,248</u>     |
| Net investment in capital assets                                      | 96,837,579            | 95,368,229            | 95,938,261            |
| Unrestricted  | <u>5,049,612</u>      | <u>(29,957,357)</u>   | <u>(35,442,659)</u>   |
| Total net position  | <u>101,887,191</u>    | <u>65,410,872</u>     | <u>60,495,602</u>     |
| Total liabilities, deferred inflows<br>of resources, and net position | <u>\$ 578,288,194</u> | <u>\$ 564,504,801</u> | <u>\$ 544,483,744</u> |

## Kern County Hospital Authority Management's Discussion and Analysis

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### ***Statements of Net Position Highlights:***

#### ***Changes from fiscal 2024 to 2025***

*Current assets* – Current assets increased \$26.7 million, or 8%, from fiscal year 2024 to 2025, mainly due to an increase in receivables from government agencies. The government receivables balance increased \$34.7 million, or 17%, from fiscal year 2024 to 2025. Kern Medical is entitled to receive supplemental funding from various state and federal government sources based on patients served. The increase in receivables from government agencies is due in large part to the timing of when state and federal government agencies issue funds to healthcare providers. Some supplemental programs cross over fiscal and calendar years. This can result in large fluctuations in the receivables balance at fiscal year-end.

*Deferred outflows of resources* – In connection with GASB No. 68 and GASB No. 75, Kern Medical reported a \$11.1 million, or 9%, decrease in deferred outflows of resources related to changes in actuarial assumptions, net differences between projected and actual earnings on pension plan investments, and contributions made subsequent to the measurement date. The deferred outflows of resources reported are \$107.6 million as of June 30, 2025, compared to a balance of \$118.7 million as of June 30, 2024.

*Current liabilities* – Current liabilities increased from fiscal year 2024 by \$3.2 million, or 5%. The increase is mainly due to a \$2.0 million increase in salaries and benefits payable. The salaries and benefits payable balance reported is \$19.8 million as of June 30, 2025, compared to a balance of \$17.8 million as of June 30, 2024.

*Noncurrent liabilities* – Noncurrent liabilities decreased from fiscal year 2024 by \$14.6 million, or 4%. The decrease is mainly due to a decrease in the net pension liability.

*Deferred inflows of resources* – In connection with GASB No. 68 and GASB No. 75, Kern Medical reported a \$11.3 million, or 31%, decrease in deferred inflows of resources related to the net differences between pension plan and other postemployment benefits expected and actual experience and changes in proportion and differences between Kern Medical contributions and proportionate share of contributions. The deferred inflows of resources reported are \$24.8 million as of June 30, 2025, compared to a balance of \$36.1 million as of June 30, 2024.

*Unrestricted net position* – The unrestricted net position increased \$35.0 million, or 117%, from fiscal year 2024 to 2025, due to changes in actuarial assumptions and operating income for 2025. The balance consists mainly of net pension liability. The unrestricted net position reported is a surplus of \$5.0 million as of June 30, 2025, compared to a deficit of \$30.0 million as of June 30, 2024.

## **Kern County Hospital Authority**

### **Management's Discussion and Analysis**

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#### ***Changes from fiscal 2023 to 2024***

***Current assets*** – Current assets increased \$3.3 million, or 1%, from fiscal year 2023 to 2024, mainly due to an increase in receivables from government agencies. The government receivables balance increased \$24.3 million, or 13%, from fiscal year 2023 to 2024. Kern Medical is entitled to receive supplemental funding from various state and federal government sources based on patients served. The increase in receivables from government agencies is due in large part to the timing of when state and federal government agencies issue funds to healthcare providers. Some supplemental programs cross over fiscal and calendar years. This can result in large fluctuations in the receivables balance at fiscal year-end.

***Deferred outflows of resources*** – In connection with GASB No. 68 and GASB No. 75, Kern Medical reported a \$12.0 million, or 11%, increase in deferred outflows of resources related to changes in actuarial assumptions, net differences between projected and actual earnings on pension plan investments, and contributions made subsequent to the measurement date. The deferred outflows of resources reported are \$118.7 million as of June 30, 2024, compared to a balance of \$106.7 million as of June 30, 2023.

***Current liabilities*** – Current liabilities increased from fiscal year 2023 by \$7.4 million, or 12%. The increase is mainly due to a \$4.1 million increase in salaries and benefits payable. The salaries and benefits payable balance reported is \$17.8 million as of June 30, 2024, compared to a balance of \$13.7 million as of June 30, 2023.

***Noncurrent liabilities*** – Noncurrent liabilities decreased from fiscal year 2023 by \$3.0 million, or 1%. The decrease is mainly due to a decrease in other post-employment benefits.

***Deferred inflows of resources*** – In connection with GASB No. 68 and GASB No. 75, Kern Medical reported a \$10.7 million, or 42%, increase in deferred inflows of resources related to the net differences between pension plan and other postemployment benefits expected and actual experience and changes in proportion and differences between Kern Medical contributions and proportionate share of contributions. The deferred inflows of resources reported are \$36.1 million as of June 30, 2024, compared to a balance of \$25.4 million as of June 30, 2023.

***Unrestricted net position*** – The unrestricted net position increased \$5.5 million, or 15%, from fiscal year 2023 to 2024, due to changes in actuarial assumptions and operating income for 2024. The balance consists mainly of net pension liability. The unrestricted net position reported is a deficit of \$30.0 million as of June 30, 2024, compared to a deficit of \$35.4 million as of June 30, 2023.

# Kern County Hospital Authority

## Management's Discussion and Analysis

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### Condensed Statements of Revenues, Expenses, and Changes in Net Position

|   | 2025           | 2024           | 2023           |
|---|----------------|----------------|----------------|
| Operating revenue                         | \$ 627,880,234 | \$ 550,205,521 | \$ 511,155,067 |
| Nonoperating revenue                      | 566,914        | 628,678        | 2,251,203      |
| Total revenue                             | 628,447,148    | 550,834,199    | 513,406,270    |
| Depreciation and amortization             | 15,969,828     | 15,853,165     | 15,488,084     |
| Operating expenses                        | 571,952,959    | 526,883,399    | 495,419,267    |
| Nonoperating expenses                     | 4,048,042      | 3,182,365      | 1,991,159      |
| Total expenses                            | 591,970,829    | 545,918,929    | 512,898,510    |
| Change in net position                    | 36,476,319     | 4,915,270      | 507,760        |
| Beginning net position, beginning of year | 65,410,872     | 60,495,602     | 59,987,842     |
| Ending net position                       | \$ 101,887,191 | \$ 65,410,872  | \$ 60,495,602  |

### Statements of Revenue, Expenses, and Changes in Net Position Highlights:

#### Changes from fiscal 2024 to 2025

The first component of Kern Medical's net position is its operating revenue. Operating revenue increased by \$77.7 million, or 14%, in fiscal year 2025 as compared to fiscal year 2024. The primary components of operating revenue are as follows:

Net patient service revenue totaled \$327.6 million for the fiscal year ended June 30, 2025. This was a \$35.8 million, or 12% increase from fiscal year 2024 to fiscal year 2025 due primarily to strong patient census levels. Kern Medical also recognized revenue from various indigent patient funding sources including Intergovernmental Transfer Programs, Enhanced Payment Program funding, and the Hospital Fee Program totaling \$221.3 million for the year, as compared to fiscal year 2024 of \$196.7 million.

The second component of Kern Medical's net position is its operating expenses. Operating expenses increased \$45.2 million, or 8%, in fiscal year 2025 as compared to fiscal year 2024. The increase is mainly due to increases in salaries and benefits expenses.

# Kern County Hospital Authority

## Management's Discussion and Analysis

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### ***Changes from fiscal 2023 to 2024***

The first component of Kern Medical's net position is its operating revenue. Operating revenue increased by \$39.0 million, or 8%, in fiscal year 2024 as compared to fiscal year 2023. The primary components of operating revenue are as follows:

Net patient service revenue totaled \$291.8 million for the fiscal year ended June 30, 2024. This was a \$19.8 million, or 7% increase from fiscal year 2023 to fiscal year 2024 due primarily to strong patient census levels. Kern Medical also recognized revenue from various indigent patient funding sources including Intergovernmental Transfer Programs, Enhanced Payment Program funding, and the Hospital Fee Program totaling \$196.7 million for the year, as compared to fiscal year 2023 of \$173.3 million.

The second component of Kern Medical's net position is its operating expenses. Operating expenses increased \$31.8 million, or 6%, in fiscal year 2024 as compared to fiscal year 2023. The increase is mainly due to increases in salaries and benefits expenses.

### ***Analysis of Capital Assets***

In fiscal year 2025, Kern Medical's capital assets increased approximately \$1.5 million due to relatively more additions of capital assets, Construction in Progress and various other additions as compared to fiscal year 2024. In fiscal year 2024, Kern Medical's capital assets decreased approximately \$570.0 thousand due to relatively fewer additions of capital assets, Construction in Progress and various other additions as compared to fiscal year 2023. The table below provides summarized information for Kern Medical's outstanding capital assets for the years ended June 30, 2025 and 2024:

|   | July 1, 2024  | Additions    | Deletions    | Transfers    | June 30, 2025 |
|---|---------------|--------------|--------------|--------------|---------------|
| Capital assets not subject to depreciation      | \$ 10,051,843 | \$ 8,405,248 | \$ -         | \$ (241,151) | \$ 18,215,940 |
| Capital assets subject to depreciation          | 247,119,064   | 4,924,276    | (101,393)    | 241,151      | 252,183,098   |
| Less: accumulated depreciation and amortization | 161,802,678   | 11,758,781   | -            | -            | 173,561,459   |
| Capital assets subject to depreciation, net     | 85,316,386    | (6,834,505)  | (101,393)    | 241,151      | 78,621,639    |
| Capital assets, net                             | \$ 95,368,229 | \$ 1,570,743 | \$ (101,393) | \$ -         | \$ 96,837,579 |

|   | July 1, 2023  | Additions    | Deletions | Transfers      | June 30, 2024 |
|---|---------------|--------------|-----------|----------------|---------------|
| Capital assets not subject to depreciation      | \$ 10,354,486 | \$ 6,783,900 | \$ -      | \$ (7,086,543) | \$ 10,051,843 |
| Capital assets subject to depreciation          | 235,610,268   | 4,422,253    | -         | 7,086,543      | 247,119,064   |
| Less: accumulated depreciation and amortization | 150,026,493   | 11,776,185   | -         | -              | 161,802,678   |
| Capital assets subject to depreciation, net     | 85,583,775    | (7,353,932)  | -         | 7,086,543      | 85,316,386    |
| Capital assets, net                             | \$ 95,938,261 | \$ (570,032) | \$ -      | \$ -           | \$ 95,368,229 |

Additional information on Kern Medical's capital assets can be found in Note 4 of this report.

# Kern County Hospital Authority Management's Discussion and Analysis

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## Long-Term Debt Summary

In fiscal year 2025, the decrease in long-term debt is the result of principal payments on existing debt. In fiscal year 2024, the decrease in long-term debt is primarily the result of a decrease in line of credit borrowing. The table below provides summarized information for the Kern Medical's outstanding long-term liabilities as of June 30, 2025 and 2024:

|                          | June 30, 2024       | Incurred<br>or Issued | Satisfied<br>or Matured | June 30, 2025       | Amounts<br>Due Within<br>One Year | Amounts Due<br>in More Than<br>One Year |
|--------------------------|---------------------|-----------------------|-------------------------|---------------------|-----------------------------------|---|
| Pension obligation bonds | <u>\$ 8,213,229</u> | <u>\$ -</u>           | <u>\$ 1,062,281</u>     | <u>\$ 7,150,948</u> | <u>\$ 1,058,183</u>               | <u>\$ 6,092,765</u>                     |

|                          | June 30, 2023        | Incurred<br>or Issued | Satisfied<br>or Matured | June 30, 2024       | Amounts<br>Due Within<br>One Year | Amounts Due<br>in More Than<br>One Year |
|--------------------------|----------------------|-----------------------|-------------------------|---------------------|-----------------------------------|---|
| Pension obligation bonds | <u>\$ 10,205,194</u> | <u>\$ -</u>           | <u>\$ 1,991,965</u>     | <u>\$ 8,213,229</u> | <u>\$ 1,062,281</u>               | <u>\$ 7,150,948</u>                     |

Additional information on Kern Medical's long-term debt can be found in Note 5 of this report.

## Economic Factors Affecting Next Year

Kern Medical adjusts to changing conditions as needed and maintains the staffing, supplies, and personal protective equipment levels necessary to provide coverage for increases in patient volumes when needed. For fiscal year 2026, Kern Medical will continue to qualify for various governmental funding programs. On December 29, 2021, the State of California announced federal approval of a five-year Medicaid (Medi-Cal) Section 1115 waiver extension. The waiver extension is part of a larger package of proposals under the California Advancing and Innovating Medi-Cal (CalAIM) program. Section 1115 waivers allow states to waive certain federal Medicaid rules so that they can pursue innovative strategies to improve care for Medicaid beneficiaries. The extension has allowed Kern Medical to continue to receive funding from all components of the waiver including the Global Payment Program (GPP). The Whole Person Care (WPC) component of the previous waiver has been bridged into the new Enhanced Care Management (ECM) program. ECM is supported by the Providing Access and Transforming Health (PATH) funding initiative under CalAIM. As with WPC, PATH is designed to provide integrated, patient-centered care through coordination of physical and behavioral health and social services to meet patients' holistic needs. Under the current waiver the largest components that Kern Medical participates in are the Quality Incentive Pool (QIP) program and the Enhanced Payment Program (EPP). QIP and EPP are favorable because the funding for these programs is no longer contingent on the approval of a new waiver. The QIP and EPP were developed five years ago due to a Medicaid managed care rule implemented by the Centers for Medicare & Medicaid Services (CMS) that limits the ability of states to direct payments to health care providers unless certain conditions are met. Exceptions to the rule are payments directed to health care providers that are tied to performance and payments that provide a uniform payment increase that includes a pre-determined increase over contracted rates.

Operating expenses are expected to increase primarily from staffing costs, as well as inflation increasing supplies and purchased services expenses. The timing of State and Federal funding will continue to impact cash flow throughout the year.

## **Kern County Hospital Authority Management's Discussion and Analysis**

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### **Contacting Kern Medical's Chief Financial Officer**

This financial report is designed to provide citizens, customers, and creditors with a general overview of Kern Medical's finances and to demonstrate Kern Medical's accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact the Chief Financial Officer, Kern Medical, 1700 Mount Vernon Ave., Bakersfield, California 93306.

## **Report of Independent Auditors**

The Board of Governors  
Kern County Hospital Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Kern County Hospital Authority, a discretely presented component unit of the County of Kern, California, which comprise the statements of net position as of June 30, 2025 and 2024, 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, which collectively comprise Kern County Hospital Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the net position of Kern County Hospital Authority as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kern County Hospital Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kern County Hospital Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kern County Hospital Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kern County Hospital Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other post-employment benefit schedules on pages 1-9 and 49-51, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Kern County Hospital Authority's basic financial statements. The schedules of net position and schedules of revenues, expenses, and changes in net assets on pages 53-56 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of net position and schedules of revenues, expenses, and changes in net assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026, on our consideration of Kern County Hospital Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kern County Hospital Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kern County Hospital Authority's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Los Angeles, California  
January 9, 2026

## **Financial Statements**

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**Kern County Hospital Authority**  
**Statements of Net Position**  
**June 30, 2025 and 2024**

|   | 2025                  | 2024                  |
|---|-----------------------|-----------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>  |                       |                       |
| <b>CURRENT ASSETS</b>   |                       |                       |
| Cash  | \$ 28,833,361         | \$ 50,429,103         |
| Revolving fund cash   | 3,000                 | 3,000                 |
| Patient accounts receivable, net of allowances for doubtful<br>accounts of \$14,235,000 in 2025 and \$11,580,000 in 2024 (Note 3) | 58,532,527            | 49,254,598            |
| Due from governmental agencies (Note 8)   | 239,397,612           | 204,691,559           |
| Other receivables   | 21,804,398            | 19,149,725            |
| Inventories   | 5,554,598             | 4,640,928             |
| Prepaid expenses  | 7,631,242             | 6,897,103             |
| Total current assets  | 361,756,738           | 335,066,016           |
| RIGHT-TO-USE ASSETS, net (Note 17)  | 8,403,667             | 11,678,001            |
| SUBSCRIPTION-BASED INFORMATION TECHNOLOGY<br>ARRANGEMENTS (SBITA), net (Note 18)  | 1,502,491             | 2,253,087             |
| NET OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Note 12)   | 2,173,374             | 1,452,817             |
| CAPITAL ASSETS, net (Note 4)  | 96,837,579            | 95,368,229            |
| Total assets  | 470,673,849           | 445,818,150           |
| DEFERRED OUTFLOWS OF RESOURCES (Notes 10 and 12)  | 107,614,345           | 118,686,651           |
| Total assets and deferred outflows of resources   | <u>\$ 578,288,194</u> | <u>\$ 564,504,801</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>   |                       |                       |
| <b>CURRENT LIABILITIES</b>  |                       |                       |
| Accounts payable and accrued expenses   | \$ 34,872,994         | \$ 35,054,176         |
| Salaries and employee benefits payable  | 19,812,529            | 17,839,227            |
| Interest payable, current portion (Note 6)  | 957,053               | 883,631               |
| Current portion of compensated absences payable   | 7,648,301             | 7,190,901             |
| Current portion of lease liability (Note 17)  | 3,187,613             | 3,450,414             |
| Current portion of SBITA liability (Note 18)  | 763,896               | 754,163               |
| Current portion of estimate for professional liability (Note 13)  | 3,171,800             | 2,334,246             |
| Current portion of estimate for workers' compensation liability (Note 13)   | 1,243,269             | 953,188               |
| Current portion of long-term debt (Note 5)  | 1,058,183             | 1,062,281             |
| Total current liabilities   | 72,715,638            | 69,522,227            |
| <b>NONCURRENT LIABILITIES</b>   |                       |                       |
| Interest payable, net of current portion (Note 6)   | 7,408,309             | 7,151,631             |
| Compensated absences payable, net of current portion  | 17,846,036            | 16,778,768            |
| Net pension liability (Note 10)   | 331,776,526           | 344,447,058           |
| Estimate for professional liability, net of current portion (Note 13)   | 4,677,115             | 4,144,007             |
| Estimate for workers' compensation liability, net of current portion (Note 13)  | 4,717,769             | 3,643,201             |
| Lease liability, net of current portion (Note 17)   | 5,570,506             | 8,592,909             |
| SBITA liability, net of current portion (Note 18)   | 830,643               | 1,593,106             |
| Long-term debt, net of current portion (Note 5)   | 6,092,765             | 7,150,948             |
| Total liabilities   | 451,635,307           | 463,023,855           |
| DEFERRED INFLOWS OF RESOURCES (Notes 10 and 12)   | 24,765,696            | 36,070,074            |
| <b>NET POSITION</b>   |                       |                       |
| Investment in capital assets  | 96,837,579            | 95,368,229            |
| Unrestricted  | 5,049,612             | (29,957,357)          |
| Total net position  | 101,887,191           | 65,410,872            |
| Total liabilities, deferred inflows of resources, and net position  | <u>\$ 578,288,194</u> | <u>\$ 564,504,801</u> |

See accompanying notes.

**Kern County Hospital Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2025 and 2024**

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|  | <u>2025</u>           | <u>2024</u>          |
|--|-----------------------|----------------------|
| <b>OPERATING REVENUES</b>  |                       |                      |
| Net patient service revenue, net of provisions for<br>uncollectible accounts of \$17,734,000 in 2025<br>and \$14,410,000 in 2024 | \$ 327,646,530        | \$ 291,829,189       |
| Indigent patient care funding  | 221,263,117           | 196,711,998          |
| Correctional medicine funding  | 42,224,388            | 34,172,564           |
| County funding   | 3,422,529             | 3,422,997            |
| Other operating revenue  | <u>33,323,670</u>     | <u>24,068,773</u>    |
| Total operating revenues   | <u>627,880,234</u>    | <u>550,205,521</u>   |
| <b>OPERATING EXPENSES</b>  |                       |                      |
| Salaries and employee benefits   | 372,184,589           | 335,328,140          |
| Services and supplies  | 193,973,048           | 186,217,117          |
| Other expenses   | 5,795,322             | 5,338,142            |
| Depreciation and amortization  | <u>15,969,828</u>     | <u>15,853,165</u>    |
| Total operating expenses   | <u>587,922,787</u>    | <u>542,736,564</u>   |
| <b>OPERATING INCOME</b>  | <u>39,957,447</u>     | <u>7,468,957</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |                       |                      |
| Interest on bank deposits and investments, net   | 185,478               | 241,391              |
| Revenue from other governmental agencies   | 200,535               | 193,480              |
| Other nonoperating revenues  | 180,901               | 193,807              |
| Interest expense   | <u>(4,048,042)</u>    | <u>(3,182,365)</u>   |
| Total nonoperating revenues (expenses), net  | (3,481,128)           | (2,553,687)          |
| Change in net position   | <u>36,476,319</u>     | <u>4,915,270</u>     |
| <b>NET POSITION, beginning of year</b>   | <u>65,410,872</u>     | <u>60,495,602</u>    |
| <b>NET POSITION, end of year</b>   | <u>\$ 101,887,191</u> | <u>\$ 65,410,872</u> |

See accompanying notes.

**Kern County Hospital Authority**  
**Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**

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|   | <u>2025</u>                 | <u>2024</u>                 |
|---|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                             |                             |
| Cash received for patients/current services                     | \$ 318,368,601              | \$ 296,516,002              |
| Cash received for other operations                              | 262,872,978                 | 234,229,268                 |
| Cash paid for salaries and benefits                             | (382,309,780)               | (336,777,015)               |
| Cash paid for services and supplies                             | (198,862,050)               | (191,615,355)               |
| Net cash provided by operating activities                       | <u>69,749</u>               | <u>2,352,900</u>            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                             |                             |
| Cash received from various County funds                         | 381,436                     | 387,287                     |
| Interest paid – pension obligation bond                         | (2,539,472)                 | (1,434,598)                 |
| Principal paid – pension obligation bond                        | (1,062,281)                 | (1,991,965)                 |
| Interest paid – line of credit                                  | (783,152)                   | (462,691)                   |
| Net cash used in noncapital financing activities                | <u>(4,003,469)</u>          | <u>(3,501,967)</u>          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                             |                             |
| Acquisition or construction of capital assets                   | (13,228,131)                | (11,206,153)                |
| Payments on lease liability                                     | (3,802,269)                 | (3,577,688)                 |
| Payments on SBITA liability                                     | (817,100)                   | (836,662)                   |
| Net cash used in capital and related financing activities       | <u>(17,847,500)</u>         | <u>(15,620,503)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                             |                             |
| Interest on bank deposits and investments                       | <u>185,478</u>              | <u>241,391</u>              |
| Net cash provided by investing activities                       | <u>185,478</u>              | <u>241,391</u>              |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                | (21,595,742)                | (16,528,179)                |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>             | <u>50,432,103</u>           | <u>66,960,282</u>           |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                   | <u><u>\$ 28,836,361</u></u> | <u><u>\$ 50,432,103</u></u> |

See accompanying notes.

**Kern County Hospital Authority**  
**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2025 and 2024**

|   | <u>2025</u>          | <u>2024</u>          |
|---|----------------------|----------------------|
| Reconciliation of cash and cash equivalents<br>to the Statements of Net Position          |                      |                      |
| Cash  | \$ 28,833,361        | \$ 50,429,103        |
| Revolving fund cash   | <u>3,000</u>         | <u>3,000</u>         |
| Total cash and cash equivalents at the end of year  | <u>\$ 28,836,361</u> | <u>\$ 50,432,103</u> |
| Reconciliation of operating income to net cash<br>provided by operating activities        |                      |                      |
| Operating income  | \$ 39,957,447        | \$ 7,468,957         |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities |                      |                      |
| Provision for bad debts   | 17,734,049           | 14,409,897           |
| Depreciation and amortization   | 15,969,828           | 15,853,165           |
| Changes in assets, liabilities, deferred outflows,<br>and deferred inflows                |                      |                      |
| Patient accounts receivable, net  | (27,011,978)         | (9,723,084)          |
| Due from governmental agencies  | (34,706,053)         | (24,267,630)         |
| Other receivables   | (2,654,673)          | 120,566              |
| Inventories   | (913,670)            | 829,817              |
| Prepaid expenses  | (734,139)            | (1,229,645)          |
| Deferred outflows of resources  | 11,072,306           | (11,996,706)         |
| Accounts payable and accrued expenses   | (181,182)            | 1,736,683            |
| Salaries and employee benefits payable  | 1,973,302            | 4,127,772            |
| Compensated absences payable  | 1,524,668            | 3,422,902            |
| Estimate for professional liability   | 1,370,662            | (236,615)            |
| Estimate for workers' compensation liability  | 1,364,649            | 614,935              |
| Net pension liability   | (12,670,532)         | (952,051)            |
| Net other post-employment benefits  | (720,557)            | (8,527,889)          |
| Deferred inflows of resources   | <u>(11,304,378)</u>  | <u>10,701,826</u>    |
| Net cash provided by operating activities   | <u>\$ 69,749</u>     | <u>\$ 2,352,900</u>  |

See accompanying notes.

## **Kern County Hospital Authority**

### **Notes to Financial Statements**

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#### **Note 1 – Nature of Operations and Reporting Entity**

Kern County Hospital Authority (the Authority or Kern Medical) is a 222-bed acute care teaching hospital affiliated with the University of California Schools of Medicine at Los Angeles, San Diego, and Irvine. Kern Medical is responsible for the provision of health care services for emergency, outpatient, and inpatient medical care to all classes of patients including Medicare and Medi-Cal eligible, medically indigent persons, and inmates of the County of Kern (the County) institutions and juvenile facilities. The management of Kern Medical reports directly to Kern Medical's Board of Governors.

Assembly Bill 2546 passed the California State Legislature on September 26, 2014, and authorized the Board of Supervisors of the County (the Board) to establish, by ordinance, the Kern County Hospital Authority to manage, administer, and control Kern Medical Center, an enterprise fund of the County, and other health care facilities, and other functions affiliated or consolidated with Kern Medical Center. The Board adopted the ordinance organizing the Authority effective November 6, 2015. Pursuant to the aforementioned legislation, effective July 1, 2016, ownership, control, management, medical facilities, and operation of Kern Medical Center was transferred to the Kern County Hospital Authority. The Kern County Hospital Authority is a local unit of government separate and apart from the County and any other public entity. The Kern County Hospital Authority recognized the carrying values of assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the operations of the Kern Medical Center as of July 1, 2016, the effective transfer date.

On July 1, 2016, the County and the Kern County Hospital Authority also entered into an Agreement for Health Care Services, Finance, and Support (the Service Agreement) addressing certain financial relationships between the two parties, including:

- i. County's financial support of the Authority in the form of grants;
- ii. The Authority's assumption of certain liabilities of the County, which liabilities the County incurred in connection with prior operations of Kern Medical Center;
- iii. The continued provision of certain health care services to residents of the County;
- iv. The Authority's participation in the County Treasury, although on February 20, 2019, the Board of Governors authorized the Authority to establish its own treasury, separate and apart from the County Treasury Pool, and authorized such treasury to be established at PNC Bank; and
- v. County's consent for the Authority to participate in and receive, and otherwise access, certain County general purpose funds and local revenue fund amounts identified or earmarked for health care services to the indigent, including Medi-Cal beneficiaries and uninsured patients. Notwithstanding the foregoing, for each fiscal year under the Service Agreement commencing with the 2016-17 fiscal year, the Authority has received an allocation of County general purpose funds of \$3,422,531 in support of services to the indigent. The Authority has not received any financial support from the County since the 2015-16 fiscal year.

The Authority established Kern Medical Surgery Center, LLC (KMSC) in August 2016. KMSC is a wholly owned subsidiary of the Authority and is an independently run outpatient surgery center. KMSC is presented as a blended component unit of the Authority.

## Kern County Hospital Authority

### Notes to Financial Statements

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#### **Note 2 – Summary of Significant Accounting and Reporting Policies**

**Basis of accounting and presentation** – The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles for health care organizations, and are presented in accordance with the reporting model as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement – and Management’s Discussion and Analysis – for State and Local Governments* (GASB 34). GASB 34 and subsequent amendments including GASB Statement No. 63, established standards for external financial reporting and requires that resources be classified for accounting and reporting purposes into the following net position categories:

*Investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

*Unrestricted net position* – This amount represents the amount of net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Governors or may otherwise be limited by contractual agreements with outside parties.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Leases** – Kern Medical recognizes lease contracts or equivalents that have a term exceeding one year that meet the definition of an other than short-term lease. Kern Medical uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the Kern Medical’s incremental borrowing rate at the start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred. Kern Medical has recorded right-to-use lease assets in accordance with GASB Statement No. 87, *Leases* (GASB 87). The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

**Subscription-Based Information Technology Arrangements** – Kern Medical is the end user for various SBITAs. Short-term SBITAs, which have a maximum possible term of 12 months or less, are recognized as an outflow of resources when payment is made. For SBITAs with subscription terms extending beyond one year, Kern Medical recognizes an intangible right-to-use subscription asset and a corresponding subscription liability.

**Cash and revolving cash fund** – Kern Medical considers all highly liquid investments with original maturities of three months or less to be cash or a revolving cash fund. Cash consists of bank deposits, which are carried at cost which approximates fair value.

## Kern County Hospital Authority

### Notes to Financial Statements

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**Patient accounts receivable** – Kern Medical reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. Kern Medical provides an allowance for uncollectible accounts based upon a review of outstanding receivables and historical collection information. As a service to the patient, Kern Medical bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

**Inventories** – Inventories consist of expendable supplies held for consumption. Supply inventories are stated at the lower of cost, or market.

**Capital assets** – Capital assets, which include property, plant, and equipment, are stated at cost if purchased, or fair value on the date received if donated. Kern Medical has established a policy to capitalize expenses for capital assets with an individual cost of \$5,000 for equipment, \$25,000 for intangibles, and \$50,000 for structures with a useful life greater than one year. In accordance with GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, interest cost is not capitalized during the period of construction. Intangible assets represent software purchases and are amortized based on estimated useful life. Capital assets other than intangible assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

|                             |                |
|-----------------------------|----------------|
| Structures and improvements | 10 to 40 years |
| Equipment and intangibles   | 3 to 20 years  |

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statement of revenues, expenses, and changes in net position. There were no impairment losses recorded during the years ended June 30, 2025 and 2024.

**Accrued compensated absences** – Kern Medical implemented GASB Statement No. 101, Compensated Absences (GASB 101), effective January 1, 2024. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Kern Medical was in compliance with GASB 101 prior to its issuance, therefore, the implementation of GASB 101 had no effect on the beginning net position as of July 1, 2024 of Kern Medical.

## Kern County Hospital Authority

### Notes to Financial Statements

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Kern Medical policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment or other post-employment benefit. Expense and the related liability are recognized as vacation benefits and are earned whether the employee is expected to realize the benefit as time off or in cash or other post-employment benefit. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

Under the terms of union contracts, employees are granted vacation and sick leave in varying amounts depending upon their respective bargaining unit. In the event of termination or death, an employee, or the employee's estate, is compensated 100% of accumulated vacation. In the event of an employee's death or retirement, excluding deferred retirement, an employee, or the employee's estate, is compensated for accumulated sick leave in varying amounts from 50% to 100% depending on the employee's bargaining unit and length of service.

**Net patient service revenue** – Kern Medical has agreements with third-party payers that provide for payments to Kern Medical at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts receivable from patients, third-party payers, and others for services rendered, including a provision for bad debt and estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis during the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Normal estimation differences between subsequent cash collections on patient accounts receivable and net patient accounts receivable estimated in the prior year are reported as adjustments to net patient service revenue in the current period. Changes in revenue due to changes in estimates of patient accounts receivable allowances for prior years were not significant during the years ended June 30, 2025 and 2024.

**Third-party payers** – Kern Medical is reimbursed for services provided to patients under certain programs administered by governmental agencies. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. Kern Medical believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medi-Cal programs.

The majority of Kern Medical's receivables are related to the care of patients covered by Medi-Cal, Medicare, and special funding created by legislative acts that subsidize certain health care facilities that treat a disproportionate share of Medi-Cal beneficiaries.

## Kern County Hospital Authority

### Notes to Financial Statements

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**Uncompensated care** – The County is mandated to provide medical care to indigent and dependent poor County residents under California Welfare and Institutions Code Section 17000. The County fulfills its Section 17000 obligation through services provided at Kern Medical. Through its Medically Indigent Adult Program, patients are charged for services and supplies based on their ability to pay. In assessing a patient's ability to pay, Kern Medical utilizes state-determined poverty levels. Additionally, Kern Medical provides services to patients that are outside of the Medically Indigent Adult Program and does not receive compensation for those services. Kern Medical maintains records to identify, monitor, and report the level of indigent and uncompensated care provided to the community. These records include the estimates of cost of services and supplies furnished yet uncompensated for, which are based upon a ratio of cost to charges. The following information measures the level of uncompensated care provided during the years ended June 30, 2025 and 2024:

|   | 2025         | 2024         |
|---|--------------|--------------|
| Estimated cost of services provided but uncompensated | \$ 6,925,000 | \$ 6,760,000 |

**Pensions** – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government of the County of Kern's Kern County Employees' Retirement Association (KCERA) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by KCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Disclosures about fair value of financial instruments** – The carrying amount of revolving fund cash, patient accounts receivable, other current assets, accounts payable, and accrued expenses approximate fair value because of the short-term maturity of these instruments.

**Risk management** – Kern Medical is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illness; natural disasters; and employee health, dental, and accident benefits. As discussed in Note 16, commercial insurance coverage is purchased by Kern Medical for claims arising from such matters where Kern Medical has not retained the risk of loss. Kern Medical is self-insured for medical malpractice claims and judgments. The provision for estimated self-insured medical malpractice includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, and other allocated claim adjustment expenses.

**Concentration of credit risk** – Receivables from government programs present the only concentrated group of credit risk for Kern Medical. Management does not believe that there are any credit risks associated with these governmental agencies. Negotiated and private receivables consist of receivables from various payers, including individuals involved in diverse activities, subject to differing economic conditions, and do not represent any concentrated credit risk to Kern Medical. Management continually monitors and adjusts its reserves and allowances associated with these receivables, and such allowances have historically been adequate to cover losses realized.

Deposit concentration risk is managed by placing cash and cash equivalents in various financial institutions. The amount of deposits at times may exceed federally insured limits.

## Kern County Hospital Authority

### Notes to Financial Statements

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**Income taxes** – Kern Medical is exempt from federal and state income tax pursuant to Internal Revenue Code (IRC) Section 115 and similar provisions of the California Franchise Tax Code and is also exempt from federal and state income tax filing requirements.

**Operating revenues and expenses** – The statement of revenues, expenses, and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, Kern Medical's principal activity. Non-exchange revenues, including grants, contributions, and income (losses) from investments, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services.

**Recent accounting pronouncements** – In December 2023, the GASB issued Statement No. 102, *Risks and Uncertainties Disclosures* (GASB 102). GASB 102 is meant to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. Additionally, GASB 102 requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur, within 12 months of the date the financial statements are issued. Additional disclosures may be required as a result of these assessments. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. Kern Medical implemented GASB 102 during the fiscal year ending June 30, 2025, which did not have an impact on the financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). GASB 103 requires additional presentation and disclosure changes in the areas of management discussion & analysis, unusual or infrequent items, proprietary fund statement of revenues, expenses, and changes in fund net position, major component units, and budgetary comparison information. The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2025. Kern Medical is evaluating the impact of the adoption of GASB 103 for the fiscal year ending June 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of GASB 104 is to provide users of government financial statements with essential information about certain types of capital assets. GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34 as well as certain intangible assets to be disclosed separately by major class. GASB 104 also requires additional disclosures for capital assets held for sale. This Statement requires that capital assets held for sale be evaluated each reporting period. The requirements of GASB 104 are effective for fiscal years beginning after June 15, 2025. Kern Medical is evaluating the impact of the adoption of GASB 104 for the fiscal year ending June 30, 2026.

**Reclassifications** – Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.

# Kern County Hospital Authority

## Notes to Financial Statements

### Note 3 – Patient Accounts Receivable

Kern Medical grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Gross patient accounts receivable as of June 30, 2025 and 2024, consisted of:

|  | 2025         | 2024         |
|--|--------------|--------------|
| Medicare                               | 22 %         | 22 %         |
| Medi-Cal                               | 57           | 56           |
| Other third-party and commercial payor | 17           | 17           |
| Self pay                               | 3            | 4            |
| County responsibility                  | 1            | 1            |
|  | <u>100 %</u> | <u>100 %</u> |
| Total                                  | <u>100 %</u> | <u>100 %</u> |

### Note 4 – Capital Assets, Depreciation, and Amortization

Capital asset activity for the year ended June 30, 2025, is shown below:

|   | Beginning<br>July 1,<br>2024 | Additions    | Disposals    | Transfers | Ending<br>June 30,<br>2025 |
|---|------------------------------|--------------|--------------|-----------|----------------------------|
| Capital assets not subject to depreciation          |                              |              |              |           |                            |
| Land  | \$ 1,854,424                 | \$ -         | \$ -         | \$ -      | \$ 1,854,424               |
| Construction in progress                            | 8,197,419                    | 8,405,248    | -            | (241,151) | 16,361,516                 |
| Total capital assets not subject to depreciation    | 10,051,843                   | 8,405,248    | -            | (241,151) | 18,215,940                 |
| Capital assets subject to depreciation              |                              |              |              |           |                            |
| Equipment   | 85,529,255                   | 4,924,276    | -            | 241,151   | 90,694,682                 |
| Structures and improvements                         | 103,963,255                  | -            | (101,393)    | -         | 103,861,862                |
| Intangibles   | 57,626,554                   | -            | -            | -         | 57,626,554                 |
| Total capital assets subject to depreciation        | 247,119,064                  | 4,924,276    | (101,393)    | 241,151   | 252,183,098                |
| Less: accumulated depreciation and amortization for |                              |              |              |           |                            |
| Equipment   | 64,028,182                   | 6,012,665    | -            | -         | 70,040,847                 |
| Structures and improvements                         | 70,366,705                   | 2,377,115    | -            | -         | 72,743,820                 |
| Intangibles   | 27,407,791                   | 3,369,001    | -            | -         | 30,776,792                 |
| Total accumulated depreciation and amortization     | 161,802,678                  | 11,758,781   | -            | -         | 173,561,459                |
| Total capital assets subject to depreciation, net   | 85,316,386                   | (6,834,505)  | (101,393)    | 241,151   | 78,621,639                 |
| Total capital assets, net                           | \$ 95,368,229                | \$ 1,570,743 | \$ (101,393) | \$ -      | \$ 96,837,579              |

# Kern County Hospital Authority

## Notes to Financial Statements

Capital asset activity for the year ended June 30, 2024, is shown below:

|   | Beginning<br>July 1,<br>2023 | Additions    | Disposals | Transfers   | Ending<br>June 30,<br>2024 |
|---|------------------------------|--------------|-----------|-------------|----------------------------|
| Capital assets not subject to depreciation          |                              |              |           |             |                            |
| Land  | \$ 1,854,424                 | \$ -         | \$ -      | \$ -        | \$ 1,854,424               |
| Construction in progress                            | 8,500,062                    | 6,783,900    | -         | (7,086,543) | 8,197,419                  |
| Total capital assets not subject to depreciation    | 10,354,486                   | 6,783,900    | -         | (7,086,543) | 10,051,843                 |
| Capital assets subject to depreciation              |                              |              |           |             |                            |
| Equipment   | 77,372,515                   | 4,401,872    | -         | 3,754,868   | 85,529,255                 |
| Structures and improvements                         | 100,611,199                  | 20,381       | -         | 3,331,675   | 103,963,255                |
| Intangibles   | 57,626,554                   | -            | -         | -           | 57,626,554                 |
| Total capital assets subject to depreciation        | 235,610,268                  | 4,422,253    | -         | 7,086,543   | 247,119,064                |
| Less: accumulated depreciation and amortization for |                              |              |           |             |                            |
| Equipment   | 58,044,534                   | 5,983,648    | -         | -           | 64,028,182                 |
| Structures and improvements                         | 67,969,930                   | 2,396,775    | -         | -           | 70,366,705                 |
| Intangibles   | 24,012,029                   | 3,395,762    | -         | -           | 27,407,791                 |
| Total accumulated depreciation and amortization     | 150,026,493                  | 11,776,185   | -         | -           | 161,802,678                |
| Total capital assets subject to depreciation, net   | 85,583,775                   | (7,353,932)  | -         | 7,086,543   | 85,316,386                 |
| Total capital assets, net                           | \$ 95,938,261                | \$ (570,032) | \$ -      | \$ -        | \$ 95,368,229              |

### Note 5 – Long-Term Debt

The following is a summary of long-term obligation transactions of Kern Medical for the years ended June 30, 2025 and 2024:

|                          | July 1,<br>2024 | Incurred<br>or Issued | Satisfied<br>or Matured | June 30,<br>2025 | Amounts<br>Due Within<br>One Year | Amounts Due<br>in More Than<br>One Year |
|--------------------------|-----------------|-----------------------|-------------------------|------------------|-----------------------------------|---|
| Pension obligation bonds | \$ 8,213,229    | \$ -                  | \$ 1,062,281            | \$ 7,150,948     | \$ 1,058,183                      | \$ 6,092,765                            |

|                          | July 1,<br>2023 | Incurred<br>or Issued | Satisfied<br>or Matured | June 30,<br>2024 | Amounts<br>Due Within<br>One Year | Amounts Due<br>in More Than<br>One Year |
|--------------------------|-----------------|-----------------------|-------------------------|------------------|-----------------------------------|---|
| Pension obligation bonds | \$ 10,205,194   | \$ -                  | \$ 1,991,965            | \$ 8,213,229     | \$ 1,062,281                      | \$ 7,150,948                            |

Scheduled principal and interest repayments for long-term debt are as follows:

|                       | Principal           | Interest            |
|-----------------------|---------------------|---------------------|
| Years Ending June 30, |                     |                     |
| 2026                  | \$ 1,058,183        | \$ 2,730,055        |
| 2027                  | 1,981,756           | 1,986,653           |
| 2028                  | 4,111,009           | 28,674              |
|                       | <u>\$ 7,150,948</u> | <u>\$ 4,745,382</u> |

Total interest costs incurred for the years ended June 30, 2025 and 2024, were approximately \$4,048,000 and \$3,182,000, respectively.

# Kern County Hospital Authority

## Notes to Financial Statements

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**Pension obligation bonds** – In May 2003, the County issued pension obligation bonds to finance the County's share of the unfunded accrued actuarial liability of the Kern County Employees' Retirement Association. In August 2008, the County issued pension obligation bonds, Series 2008 A. The Series 2003 B Bonds were redeemed with the proceeds of the Series 2008 A Refunding Bonds. As of June 30, 2025 and 2024, the amounts of total 2003 and 2008 pension obligation bonds outstanding for the County as a whole were approximately \$64,125,000 and \$73,651,000, respectively. Of these amounts, approximately \$7,151,000 and \$8,213,000 were allocated to Kern Medical, respectively. The initial basis of the amount allocated to Kern Medical was determined by Kern Medical's share of the County-wide retirement contribution for the year ended June 30, 2003.

The Series 2003 A Bonds were issued as Current Interest Bonds and Capital Appreciation Bonds; the Series 2003 B Bonds were refunded as Adjustable Rate Bonds in August 2008. The bonds have various maturity dates between 2006 and 2023 for the Current Interest Bonds and from 2023 and 2028 for the Capital Appreciation Bonds. Series 2003 A Bonds have fixed interest rates that range from 2.33% to 4.88% for the current interest bonds and 5.50% to 5.57% for the capital appreciation bonds. Starting in April 2014, the 2008 A Bonds have a fixed interest rate of 4.185%.

**Line of credit** – In March 2019, Kern Medical entered into a revolving line of credit agreement with a financial institution, secured by revenues and nongovernmental receivables that have been pledged as security pursuant to the agreement with the financial institution. Amounts available under the revolving credit agreement are \$30,000,000 with a maturity date of May 27, 2026. Interest is payable on a monthly basis at the current Daily Bloomberg Short Term Bank Yield Index rate plus 170 basis points. As of both June 30, 2025 and 2024, there were no outstanding borrowings.

### Note 6 – Interest Payable

The following is a summary of interest payable transactions for the pension obligation bonds of Kern Medical for the years ended June 30, 2025 and 2024:

|                              | July 1, 2024        | Amount<br>Accrued   | Amount<br>Paid      | June 30, 2025       |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| Current interest payable     | \$ 883,631          | \$ 2,612,894        | \$ 2,539,472        | \$ 957,053          |
| Non-current interest payable | 7,151,631           | 256,678             | -                   | 7,408,309           |
| Total interest payable       | <u>\$ 8,035,262</u> | <u>\$ 2,869,572</u> | <u>\$ 2,539,472</u> | <u>\$ 8,365,362</u> |
|                              | July 1, 2023        | Amount<br>Accrued   | Amount<br>Paid      | June 30, 2024       |
| Current interest payable     | \$ 467,089          | \$ 1,851,140        | \$ 1,434,598        | \$ 883,631          |
| Non-current interest payable | 6,731,300           | 420,331             | -                   | 7,151,631           |
| Total interest payable       | <u>\$ 7,198,389</u> | <u>\$ 2,271,471</u> | <u>\$ 1,434,598</u> | <u>\$ 8,035,262</u> |

# Kern County Hospital Authority

## Notes to Financial Statements

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### Note 7 – Net Patient Service Revenue

Kern Medical has agreements with third-party payers that provide for payments to Kern Medical at amounts different from its established rates. These payment arrangements include:

**Medicare** – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively-determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity, and other factors. Kern Medical is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by Kern Medical and audits thereof by the Medicare administrative contractor. The Medicare administrative contractor has audited Kern Medical's cost reports through June 30, 2024.

**Medi-Cal** – Inpatient acute services rendered to Medi-Cal program beneficiaries are paid at a prospectively determined rate per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient services are reimbursed based upon a fee schedule per procedure, test, or service.

Approximately 88% of net patient service revenue is from participation in the Medicare and state-sponsored Medi-Cal programs for both the years ended June 30, 2025 and 2024. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change in the near term.

Kern Medical has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Kern Medical under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

### Note 8 – Indigent Patient Care Funding

Kern Medical is entitled to receive supplemental funding from various governmental sources based on the patients served. Indigent patient care funding on the accompanying statements of revenues, expenses, and changes in net position includes the following major payment arrangements for the years ended June 30, 2025 and 2024:

|   | 2025                  | 2024                  |
|---|-----------------------|-----------------------|
| Global payment program                      | \$ 34,272,658         | \$ 42,668,101         |
| Waiver Programs                             | (1,389,138)           | 7,762,087             |
| Medi-Cal managed care supplemental programs | 44,438,065            | 29,509,069            |
| Enhanced payment program                    | 48,929,618            | 47,047,080            |
| Quality incentive program                   | 77,479,165            | 56,648,422            |
| Graduate medical education program          | 11,389,705            | 9,346,741             |
| Other                                       | 6,143,044             | 3,730,498             |
| Total                                       | <u>\$ 221,263,117</u> | <u>\$ 196,711,998</u> |

# Kern County Hospital Authority

## Notes to Financial Statements

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Due from government agencies on the accompanying statements of net position includes the following supplemental payment programs as of June 30, 2025 and 2024:

|   | 2025           | 2024           |
|---|----------------|----------------|
| Global payment program                      | \$ (72,257)    | \$ 2,880,925   |
| Waiver Programs                             | (19,309,952)   | (12,051,607)   |
| Medi-Cal managed care supplemental programs | 45,287,285     | 37,053,489     |
| Enhanced payment program                    | 97,065,507     | 76,683,587     |
| Quality incentive program                   | 112,382,833    | 90,998,534     |
| Graduate medical education program          | 3,718,666      | 390,396        |
| Other                                       | 325,530        | 8,736,235      |
|   | <hr/>          | <hr/>          |
| Total                                       | \$ 239,397,612 | \$ 204,691,559 |
|   | <hr/>          | <hr/>          |

**Medi-Cal waiver** – California’s Medi-Cal Hospital/Uninsured Care Demonstration Project (Demonstration) is a system for paying selected hospitals, including Kern Medical, for hospital care provided to Medi-Cal and uninsured patients. The Demonstration was negotiated between the State of California’s Department of Health Care Services (DHCS) and the CMS in 2006 and covers the period from July 1, 2005, to June 30, 2010. The implementing State legislation (SB 1100) was enacted by the Legislature in September 2005. The five-year Demonstration affects payments for 23 public hospitals, including all University of California owned hospitals, identified as Designated Public Hospitals, and private and non-designated public safety net hospitals that serve large numbers of Medi-Cal patients. The program was extended in 2010 to cover the period from July 1, 2010, to June 30, 2015. The program was further extended in 2015 to cover the period from July 1, 2015, to June 30, 2020. During the year ended June 30, 2022, the program was further extended to cover the period through December 31, 2026.

Under the Demonstration, payments for the public hospitals are comprised of: 1) Fee for Service (FFS) cost-based reimbursement for inpatient hospital services (exclusive of physician component); 2) Disproportionate Share Hospital (DSH) Program payments (formerly SB 855); and 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP). The nonfederal share of these three types of payments will be provided by the public hospitals rather than the State, primarily through certified public expenditures (CPE) whereby the hospital would expend its local funding for services to draw down the Federal financial participation (FFP), currently provided at a 50% match. For the inpatient hospital FFS cost-based reimbursement, each hospital will provide its own CPE and receive all of the resulting Federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals will be used in the aggregate to draw down the Federal match. It is therefore possible for one hospital to receive the Federal match that results from another hospital’s CPEs. In this situation, the first hospital is referred to as a “recipient” hospital, while the second is referred to as a “donor” hospital. A recipient hospital is required to “retain” the FFP amounts resulting from donated CPEs.

## Kern County Hospital Authority

### Notes to Financial Statements

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The Demonstration prioritizes payments so that, to the extent possible, total payments to hospitals are at a minimum “baseline” level. For public hospitals, the baseline level is determined and satisfied on a hospital-specific basis. The three funding components that will be utilized to meet each hospital's baseline level are as follows:

1. Medi-Cal inpatient FFS cost-based reimbursement: The FFP that is paid to the hospital represents approximately half of the facility-specific costs or CPE. The hospital's amounts will fluctuate based on the number of facility-specific Medi-Cal patients served and the facility-specific cost-computations that will be adjusted on an interim and final basis.
2. DSH funds: These payments are made to hospitals to take into account the uncompensated costs of care delivered to the uninsured, including undocumented immigrants, as well as shortfalls between Medi-Cal psychiatric and Medi-Cal managed care payments and the cost of care delivered. The nonfederal share of these funds will be a combination of CPEs for these services and Intergovernmental Transfers (IGTs) and as such are subject to interim and final cost settlement. There is an annual fixed allotment of Federal DSH funds, and the waiver allocates almost all of these funds to public hospitals.
3. SNCP distributions: Federal payments made to public hospitals and clinics for uncompensated care delivered to uninsured patients and for certain designated non-hospital costs, such as drugs and supplies for the uninsured. The nonfederal share of these funds will be based on CPEs for these services and as such are subject to interim and final cost settlement. Effective January 1, 2016, this program was replaced with the Global Payment Program, described below.

DHCS has completed its audit and reconciliation of the 2005-2006 Medi-Cal funds and noted that Kern Medical was overpaid in the total amount of \$2,116,022. Kern Medical paid this amount back to DHCS on October 9, 2013. Kern Medical hired a third-party consultant to evaluate its outstanding receivables related to the remaining years subject to audit from 2006-2007 through 2013-2014 noting Kern Medical is estimated to have been overpaid by DHCS in the amount of approximately \$41,100,000 over the course of these stated 8 years. The amount has been recorded as an offset totaling \$20,168,000 and \$10,494,000 within due from governmental agencies in the accompanying statements of net position as of June 30, 2025 and 2024, respectively, and is subject to audit by DHCS.

Included as an offset within due from governmental agencies in the accompanying statements of net position are amounts payable to DHCS as of June 30, 2025 and 2024, of approximately \$19,310,000 and \$12,052,000, respectively, which represent the amounts received but not yet earned by Kern Medical under the waiver program net of amounts earned but not yet received by Kern Medical under the program, primarily related to the matter described above and ongoing audits. Kern Medical recorded changes in estimates in amounts expected to be received resulting in an increase of \$7,258,000 and a reduction of \$21,707,000 in indigent patient care funding revenue in the accompanying statements of revenues, expenses, and changes in net position during the years ended June 30, 2025 and 2024, respectively.

## Kern County Hospital Authority

### Notes to Financial Statements

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**Global Payment Program (GPP)** – Effective January 1, 2016, California’s Section 1115 Waiver Renewal (Renewal), referred to as Medi-Cal 2020, was approved by CMS. As part of the Renewal, the GPP establishes a statewide pool of funding for the remaining uninsured by combining federal DSH and uncompensated care funding where selected Designated Public Hospital systems, like Kern Medical, can achieve their goal of “global budget” by meeting a service threshold that incentivizes movement from high cost, avoidable services to providing higher value, and preventative services.

**Medi-Cal Managed Care Supplemental Programs** – For newly eligible Medi-Cal patients under the Affordable Care Act (ACA) effective January 1, 2014, certain portions of the ACA provided Medi-Cal coverage for patients previously covered under risk sharing agreements. The majority of these beneficiaries were enrolled in managed Medi-Cal health plans. Due to payment mechanisms between the State and the health plans (capitation), an opportunity to receive supplemental funding similar to current rate range programs was made available to the DPHs.

**Enhanced Payment Program (EPP) and Quality Incentive Program (QIP)** – In 2016, CMS published the Medicaid and Children’s Health Insurance Program Managed Care Final Rule (Managed Care Rule), which went into effect July 1, 2017. The Managed Care Rule limits the ability of states to direct payments to health care providers, unless certain conditions are met. Among the allowable exceptions are payments tied to performance and payments that provide a uniform payment increase that includes a predetermined increase over contracted rates. Some of the existing supplemental payments in managed care did not meet these conditions. In order to retain this critical funding, these payments were restructured into two new CMS approved programs, effective July 1, 2017: the EPP and the QIP. The EPP divides public health care systems into five different classes, with payment terms defined according to class. Enhanced funding available to the class is distributed pro rata based on unitization encounter data reported to the State. The QIP is meant to meet the Managed Care Rule’s exception that allows payments tied to performance.

**Graduate Medical Education Program (GME)** – In March 2020, CMS formally approved the Medi-Cal GME State Plan Amendment, which will provide \$150 million of new federal funds to the Public Hospital System to support GME. The payments were retroactive to January 2017, which allowed Kern Medical to capture some of the retroactive payments during FY 2020. This is an IGT based program; therefore, in order to take advantage of the funding, hospitals are required to put up IGT funds and small administrative fees, which are then are matched by the federal government at a 50% federal medical assistance percentage rate.

**California Advancing and Innovating Medi-Cal (CalAIM)** – Effective January 1, 2022, DHCS implemented the CalAIM initiative aimed at reforming the Medi-Cal system to improve health outcomes and promote health equity among beneficiaries. CalAIM encompasses enhanced care management, community support services, and financial incentives for managed care plans based on performance metrics related to quality of care and patient engagement. The program aims to address social determinants of health and improve access to comprehensive care for vulnerable populations. The WPC Pilots program has been bridged into the new Providing Access and Transforming Health (PATH) program under CalAIM. As with WPC, PATH is designed to provide integrated, patient-centered care through coordination of physical and behavioral health and social services to meet patients’ holistic needs.

## Kern County Hospital Authority

### Notes to Financial Statements

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#### **Note 9 – Related-Party Transactions**

**County funding** – Kern Medical receives funds from the County as funding for providing care for inmates of Kern County jail and inmates of Kern County juvenile hall. The County Board of Supervisors approves a budgeted amount to be paid to Kern Medical. Based on the approved budgeted amount, Kern Medical recognized revenues of approximately \$42,224,000 and \$34,173,000 for the years ended June 30, 2025 and 2024, respectively, to offset the operating expenses associated with providing care to the inmates. These revenues have been classified as correctional medicine funding revenue in the accompanying statements of revenues, expenses, and changes in net position. As of June 30, 2025 and 2024, Kern Medical recorded amounts receivable of approximately \$9,293,000 and \$6,184,000, respectively, from the County's General Fund for these services classified in other receivables in the accompanying statements of net position.

Kern Medical provides health care services to Medically Indigent Adults as provided under Section 17000 of the Health and Safety regulations under the State of California. Reimbursement for the services is provided by the County's General Fund through the use of State Health and Welfare Realignment Revenues. Based on the approved budgeted amount, Kern Medical recognized county funding revenue in the accompanying statements of revenues, expenses, and changes in net position of approximately \$3,423,000 for both the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, there were no amounts due from the County's General Fund for these services.

**Service agreements** – Since 2016, Kern Medical maintained service agreements with two related-party organizations, whereby the related-party organizations provided support services related to finance and accounting, information technology, human resources, and organizational advancement at a set monthly fee plus any additional services, costs, or expenses pre-approved by Kern Medical. As of August 31, 2023, Kern Medical had terminated the service agreements with the related party organizations and began providing the services internally. For the period July 1, 2023 through August 31, 2023, Kern Medical paid \$2,471,000 for support services. As of June 30, 2025 and 2024, no amounts were owed to the related-party organizations for these services.

#### **Note 10 – Pension Plan**

##### **General Information About the Pension Plans**

**Plan descriptions** – The County of Kern's Board of Supervisors established the KCERA under the provisions of the County Employees' Retirement Law of 1937 (CERL) on January 1, 1945. All permanent employees of the County of Kern, Kern Medical, and thirteen related agencies are covered by KCERA, which operates as a cost-sharing multi-employer defined benefit plan. KCERA has the responsibility to function as an investment and administrative agent for the County of Kern with respect to the pension plan. KCERA became independent from the County's supervision and control as a result of the 1992 passage of Proposition 162, which legally established the independent control of the Board of Retirement. Separate audited financial statements can be obtained through KCERA at 11125 River Run Boulevard, Bakersfield, California 93311. Management of the KCERA plan is vested with the Board of Retirement, which consists of nine members and two alternates.

## **Kern County Hospital Authority**

### **Notes to Financial Statements**

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The Board of Retirement establishes policy for the operation of the plan, considers applications for disability retirement, recommends contributions on the basis of actuarial valuations, and controls investments of assets. Prior to January 1, 1996, the Kern County Treasurer-Tax Collector was responsible for financial reporting and accounting for all investments as required by Government Code Section 31596 et seq., as amended. On January 11, 1987, the Board of Retirement authorized the retirement fund to incur an administrative expense and hire an Administrator to serve at the Board of Retirement's pleasure. The Administrator is responsible for the processing and computing of applications for retirement benefits, refunds, beneficiary allowances, death benefits, reciprocity, and any other duties the Board of Retirement may assign. The Administrator also acts as Secretary for all Board of Retirement and Committee meetings and performs other activities as directed by the Board of Retirement. The KCERA Plan provides for retirement, disability, death, beneficiary, and cost-of-living benefits.

Certain full-time employees of Kern Medical, who work 50% or more of their regular standard hours, are required to become members of KECRA effective on the first day of the payroll period following the date of hire.

General Tier I and Tier II members are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with 5 or more years of retirement service credit. The retirement benefit the member will receive is based on age at retirement, final average compensation, years of retirement service credit, and benefit tier.

The amount of such monthly benefit is determined as a percentage of their final monthly compensation and is based on age at retirement and the number of years of service. The final monthly compensation is the monthly average of the final 12 months' compensation, or, if the member so elects, any other continuous 12-month period in the member's work history. If hired on or after January 1, 2013, the final compensation is measured over a period of 36 months.

An annual 2% cost-of-living adjustment (COLA) for all retirees and continuance beneficiaries was adopted as of April 1, 1973. The liability for this annual retirement benefit increase was funded entirely from the unreserved fund balance until February 5, 1983. After this date (as recommended by the plan's Independent Actuary, adopted by KCERA Board of Retirement, and approved by the County Board) and prior to fiscal year 2003, funding the 2% COLA was included in the employers' contribution. COLA for all retirees and continuance beneficiaries was increased to 2.5% effective April 1, 2002.

The Memorandum of Understanding adopted March 2012 between the County and its general employees states that all general members hired prior to the first day of payroll period 2004-16 shall start to pay, in the second year of the agreement, one-sixth of the employee's normal contribution to retirement. In the third year, the employee's normal contribution will increase to one-third. All general members hired on or after the first day of payroll period 2005-16 shall pay 100% of the new employee's normal contribution to retirement. The County Administrative Office negotiated an agreement with the Central California Association of Public Employees adopting Government Code Section 31676.17 which provides enhanced retirement benefits, commonly known as 3% at 60, for General members, in August 2004.

## Kern County Hospital Authority

### Notes to Financial Statements

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**Basis of accounting** – KCERA follows GASB accounting principles and reporting guidelines. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of KCERA. Employer and member contributions are recognized in the period in which the contributions are due, and benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of KCERA.

**Fair valuation of investments** – Fair value for investments is derived by various methods as indicated in the following table:

|  |   |
|--|---|
| Publicly traded stocks                 | Most recent exchange closing price. International securities reflect currency exchange rates in effect as of June 30, 2025.   |
| Short-term investments and bonds       | Institutional evaluations or priced at par.   |
| OTC securities                         | Evaluations based on good faith opinion as to what a buyer in the marketplace would pay for a security.   |
| Commingled funds                       | Net asset value provided by the investments manager.  |
| Alternative investments                | Provided by the Fund manager based on the underlying financial statements and performance of the investments.   |
| Private equity real estate investments | Estimated based on the price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Investments without a public market are valued based on assumptions made and multiple valuation techniques used by the investment manager. |

**Contributions** – As a condition of participation under the provisions of CERL, members are required to contribute to KCERA a percentage of their salaries. Member contribution rates for fiscal year 2025 ranged from 3.22% to 19.19% and were applied to the member's base pay plus pensionable special pays. For general members hired prior to 2013, contribution rates were determined by benefit tier and KCERA entry age. The contribution rates of general members who first joined KCERA on or after January 1, 2013, are at least 50% of the normal cost rate. Furthermore, the rate of members integrated with Social Security is reduced by one-third on the first \$350 of monthly salary.

Interest is credited to member contributions semi-annually on June 30 and December 31, in accordance with Article 5.5 of the CERL. Member contributions and credited interest are refundable upon termination of membership.

## Kern County Hospital Authority

### Notes to Financial Statements

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Each year, an actuarial valuation is performed for the purpose of determining the funded ratio of the retirement plan and the employer contributions that are necessary to pay benefits accruing to KCERA members that were not otherwise funded by member contributions or investment earnings. The employer contribution rates are actuarially determined by using the Entry Age Normal Actuarial Cost method. Employer rates include the “normal cost” and an annual amortization payment toward the Plan’s unfunded actuarial accrued liability. Contribution rates determined in each actuarial valuation (as of June 30) apply to the fiscal year beginning 12 months after the valuation date. Employer rates for fiscal year 2025 ranged from 35.74% to 77.24% of covered payroll. Contributions to the pension plan from Kern Medical were approximately \$50,312,000 and \$44,690,000 for the years ended June 30, 2025 and 2024, respectively.

**Actuarial assumptions** – The total pension liabilities in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value projected benefit payments attributable to past periods of service for current and inactive employees.

|                            |   |
|----------------------------|---|
| Inflation                  | 2.50%   |
| Projected salary increases | General: 3.70% to 8% and Safety: 4% to 10%, varying by service, including inflation.  |
| COLA increases             | 2.50% (actual increases contingent upon CPI increases with a 2.50% maximum).  |
| Administrative expenses    | 0.95% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.  |
| Investment rate of return  | 7%, net of pension plan investment expenses, including inflation.   |
| Mortality                  | Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 30% male and 70% female. |

The total pension liability as of June 30, 2025, was determined by an actuarial valuation as of June 30, 2024. The total pension liability as of June 30, 2024, was determined by an actuarial valuation as of June 30, 2023. The actuarial assumptions for the June 30, 2025 and 2024, actuarial reports were based on the results of an experience study for the period July 1, 2016 through June 30, 2019.

The Entry Age Normal Actuarial Cost method used in KCERA’s annual actuarial valuation has also been applied in measuring the service cost and Total Pension Liability (TPL) with one exception. For purposes of measuring the service cost and TPL, KCERA has reflected the same plan provisions used in determining the member’s actuarial present value of projected benefits. This is different from the version of this method applied in KCERA’s annual funding valuation, where the normal cost and actuarial-accrued liability are determined as if the current benefit accrual rate had always been in effect.

## Kern County Hospital Authority

### Notes to Financial Statements

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized below:

|                               | Target<br>Allocation | Long-term Expected<br>Real Rate of Return |
|-------------------------------|----------------------|---|
| Global equity                 | 37.00 %              | 7.05 %                                    |
| Core fixed income             | 14.00                | 1.97                                      |
| High yield corporate credit   | 6.00                 | 4.63                                      |
| Emerging market debt blend    | 4.00                 | 4.53                                      |
| Commodities                   | 4.00                 | 4.21                                      |
| Core real estate              | 5.00                 | 3.86                                      |
| Private real estate           | 5.00                 | 6.70                                      |
| Midstream                     | 5.00                 | 8.00                                      |
| Capital efficiency alpha pool | 8.00                 | 3.10                                      |
| Hedge funds                   | 10.00                | 3.10                                      |
| Private equity                | 5.00                 | 10.27                                     |
| Private credit                | 5.00                 | 6.97                                      |
| Cash                          | (8.00)               | 0.63                                      |
|                               | 100.00 %             |   |

**Discount rate** – The discount rates used in the actuarial valuation of the total pension liability were 7% as of both June 30, 2025 and 2024. The projection of cash flows used to determine the discount rates assumed member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the actuarial valuation of the total pension liability as of June 30, 2025.

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and Supplement Retirement Benefit Reserve (SRBR) asset pools.

## Kern County Hospital Authority

### Notes to Financial Statements

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**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability as of June 30, 2025, calculated using a discount rate of 7%, and what the net pension liability would be if it were calculated using a discount rate that is one point lower (6%) or one point higher (8%) than the current rate:

|  | 1%<br>Decrease<br>(6%) | Current<br>Discount Rate<br>(7%) | 1%<br>Increase<br>(8%) |
|--|------------------------|----------------------------------|------------------------|
| Kern Medical's proportionate share<br>of the net pension liability | \$ 480,520,037         | \$ 331,776,526                   | \$ 209,588,833         |

**Pension fund fiduciary net position** – Detailed information about the pension fund's fiduciary net position is available in the separately issued KCERA annual report.

**Pension liabilities, pension expenses, and deferred outflows/inflows of resources related to pensions** – Kern Medical's net pension liability for the Plan is measured as the proportionate share of the net pension liability. As of June 30, 2025, Kern Medical reported a liability of approximately \$331,777,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability for each membership class is the total pension liability minus the Plan's Fiduciary Net Position. The total pension liability for each membership class is obtained from internal valuation results based on the actual participants in each membership class. The Plan's Fiduciary Net Position for each membership class was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total KCERA Plan's Fiduciary Net Position (excluding SRBR) to total KCERA valuation value of assets. Based on this methodology, any non-valuation reserves are allocated amongst the membership classes based on each membership class' valuation value of assets. Kern Medical's proportion of the net pension liability was based on a projection of Kern Medical's long-term share of contributions to the pension plan relative to the projected contributions of all participating County departments and agencies, actuarially determined. As of June 30, 2025, Kern Medical's proportion was 13.71%, which was a increase of 0.02% from its proportion measured as of June 30, 2024.

# Kern County Hospital Authority

## Notes to Financial Statements

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For the years ended June 30, 2025 and 2024, Kern Medical recognized pension expense of approximately \$45,552,000 and \$44,307,000, respectively. Pension expense represents the change in net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. As of June 30, 2025, Kern Medical reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

|  | 2025                                 |                                     |
|--|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual experience   | \$ 14,305,576                        | \$ (6,594,462)                      |
| Changes in assumptions   | 14,819,099                           | -                                   |
| Net excess of projected over actual earnings<br>on pension plan investments  | 5,150,936                            | -                                   |
| Changes in proportion and differences between Kern Medical<br>contributions and proportionate share of contributions | 4,490,027                            | (14,688,472)                        |
| Kern Medical contributions subsequent to the measurement date  | 67,128,435                           | -                                   |
| Total  | <u>\$ 105,894,073</u>                | <u>\$ (21,282,934)</u>              |

As of June 30, 2024, Kern Medical reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

|  | 2024                                 |                                     |
|--|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual experience   | \$ -                                 | \$ (10,726,366)                     |
| Changes in assumptions   | 24,358,715                           | -                                   |
| Net difference between projected and actual earnings<br>on pension plan investments                                  | 22,810,708                           | -                                   |
| Changes in proportion and differences between Kern Medical<br>contributions and proportionate share of contributions | 10,103,570                           | (21,152,722)                        |
| Kern Medical contributions subsequent to the measurement date  | 59,088,487                           | -                                   |
| Total  | <u>\$ 116,361,480</u>                | <u>\$ (31,879,088)</u>              |

# Kern County Hospital Authority

## Notes to Financial Statements

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Deferred outflows and deferred inflows of resources above represent the unamortized portion of changes to the total pension liability to be recognized in future periods in a systematic and rational manner. Approximately \$67,128,000 and \$59,088,000 reported as deferred outflows of resources relate to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during the years ended June 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized as pension expense as follows:

|                       |                      |
|-----------------------|----------------------|
| Years Ending June 30, |                      |
| 2026                  | \$ (1,017,541)       |
| 2027                  | 16,839,346           |
| 2028                  | 3,465,520            |
| 2029                  | <u>(1,804,621)</u>   |
|                       | <u>\$ 17,482,704</u> |

The changes in net pension liability obligation are as follows as of June 30, 2025 and 2024:

|  | <u>2025</u>           | <u>2024</u>           |
|--|-----------------------|-----------------------|
| Beginning net pension liability  | \$ 344,447,058        | \$ 345,399,109        |
| Pension expense  | 45,552,172            | 44,307,592            |
| Employer contributions   | (50,311,505)          | (44,690,354)          |
| Deferred outflows of resources – change in assumptions   | -                     | 19,953,392            |
| Deferred inflows of resources – differences between expected and actual earnings on investments  | (13,898,116)          | 7,230,928             |
| Deferred inflows of resources – differences between expected and actual experience   | 14,305,576            | (3,599,472)           |
| Deferred outflows of resources – changes in proportion and differences between Kern Medical contributions and proportionate share of contributions | 1,280,259             | (13,584,440)          |
| Changes in prior years inflow/outflow  | (9,169,366)           | (4,889,013)           |
| Changes in prior years inflow proportions  | <u>(429,552)</u>      | <u>(5,680,684)</u>    |
| Ending net pension liability   | <u>\$ 331,776,526</u> | <u>\$ 344,447,058</u> |

## Kern County Hospital Authority

### Notes to Financial Statements

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#### **Note 11 – Physician Employee Retirement Plan**

Kern Medical contributes to the Kern County Hospital Authority Defined Contribution Plan for Physician Employees, a defined contribution, money purchase pension plan. The Plan covers full- and part-time salaried physicians employed by Kern Medical. Funding for the Plan occurs exclusively through a combination of employer and mandatory employee contributions through payroll withholdings and earnings on such contributions. Kern Medical contributed approximately \$1,773,000 and \$1,823,000 to the Plan during the years ended June 30, 2025 and 2024, respectively. Audited financial statements for the Plan may be obtained through the Authority.

#### **Note 12 – Post-Retirement Health Care Benefits**

**Plan description** – In addition to the pension benefits described in Note 11, the County and its Special Districts (including Kern Medical) provide post-retirement health care benefits in accordance with union contracts and Board of Supervisors' order. The post-retirement health care benefits are provided through a cost-sharing multiple-employer postemployment health benefit (OPEB) plan established in an irrevocable trust administered by Public Agency Retirement Services (PARS). PARS issues a separate annual financial report that can be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, California 92660.

**Benefits provided** – The OPEB plan provides post-retirement health care through two programs in accordance with union contracts and Board orders.

The Retiree Health Premium Supplement Program (RHPSP) provides benefits to employees who: 1) elected to participate or were required to participate, 2) retire on or after July 1, 1990, 3) are between the ages of 50 and 64, and 4) have at least 20 years of continuous County service as a permanent employee. The supplement amount is permanently fixed once determined and, depending on years of service, is equal to 50-100% of the active employee monthly health premium for a single individual at the time of retirement.

The Retiree Health Stipend (RHS) provides a stipend to employees who choose continuous County health coverage upon retirement. The monthly stipend paid on behalf of each retiree is a maximum of \$39.75 for single coverage, \$53.69 for two-party coverage, and \$61.50 for family coverage, limited to the cost of the plan selected.

**Contributions** – Kern Medical's Actuarially Determined Contribution rate is based off an employer portion and employee portion with Kern Medical contributing all of the RHS portion. The employee contribution for the RHPSP is 2.12% of covered payroll for a majority of the employee union contracts. Employee and employer contributions to the OPEB plan from Kern Medical were approximately \$624,000 and \$761,000, respectively, for the years ended June 30, 2025 and 2024.

# Kern County Hospital Authority

## Notes to Financial Statements

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**OPEB asset, OPEB expense, and deferred outflows of resources and deferred inflows of resources relating to OPEB** – As of June 30, 2025 and 2024, Kern Medical reported an asset of approximately \$2,173,000 and \$1,453,000, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2025 and 2024, and the Total OPEB Liability (TOL) used to calculate the net OPEB asset was determined by an actuarial valuation as of these dates. Kern Medical's proportion of the net OPEB asset was based on the proportion of TOL for each group, calculated according to classification in census data. As of June 30, 2025 and 2024, Kern Medical's proportion was 5.19% and 5.26%, respectively.

For the years ended June 30, 2025 and 2024, Kern Medical recognized OPEB income of approximately \$440,000 and \$3,226,220, respectively. As of June 30, 2025, Kern Medical reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | 2025                                 |                                     |
|---|--------------------------------------|-------------------------------------|
|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Changes in proportion and differences between Kern Medical contributions and proportionate share of contributions | \$ 586,504                           | \$ (1,482,312)                      |
| Difference between expected and actual experience   | 27,646                               | (975,020)                           |
| Net difference between actual over projected earnings on OPEB plan investments                                    | -                                    | (248,147)                           |
| Changes in assumptions  | 1,106,122                            | (777,283)                           |
| Total   | <u>\$ 1,720,272</u>                  | <u>\$ (3,482,762)</u>               |

As of June 30, 2024, Kern Medical reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | 2024                                 |                                     |
|---|--------------------------------------|-------------------------------------|
|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Changes in proportion and differences between Kern Medical contributions and proportionate share of contributions | \$ 744,833                           | \$ (1,797,027)                      |
| Difference between expected and actual experience   | 34,885                               | (1,350,746)                         |
| Net difference between actual over projected earnings on OPEB plan investments                                    | -                                    | (37,586)                            |
| Changes in assumptions  | 1,545,453                            | (1,005,627)                         |
| Total   | <u>\$ 2,325,171</u>                  | <u>\$ (4,190,986)</u>               |

# Kern County Hospital Authority

## Notes to Financial Statements

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                       |                       |
|-----------------------|-----------------------|
| Years Ending June 30, |                       |
| 2026                  | \$ (29,020)           |
| 2027                  | (253,141)             |
| 2028                  | (563,912)             |
| 2029                  | (595,622)             |
| 2030                  | (382,421)             |
| Thereafter            | <u>61,626</u>         |
|                       | <u>\$ (1,762,490)</u> |

**Actuarial methods and assumptions** – The total OPEB asset in the June 30, 2025 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |   |
|-----------------------------|---|
| Inflation                   | 2.50%   |
| Payroll growth              | Ranging from 3.70% to 8.00% for general employees and from 4.00% to 11.00% to safety employees  |
| Mortality                   | Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table, projected generationally with two-dimensional mortality improvement scale MP-2021.   |
| Discount rate               | 6.50%. Based on asset allocation in PARS OPEB Trust and understanding that the County of Kern is contributing \$70 per pay period per eligible employee and eligible employees are contributing 2.12% of payroll. |
| Healthcare cost trend rates |   |
| Supplement                  | 7.50% to 2024/2025 then 7.25% to 2025/2026, then 7.50% to 2026/2027 grading down by 0.25% per year to an ultimate rate of 4.50%. Supplement is fixed for all other bargaining units.                              |
| Stipend                     | 0.00%   |

The non-health actuarial assumptions used in the June 30, 2025 and 2024 valuations were based on the KCERA Experience Study dated May 24, 2023, for the period July 1, 2019, through June 30, 2022.

## Kern County Hospital Authority

### Notes to Financial Statements

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

| Asset Class  | Target<br>Allocation | Long-term Expected<br>Real Rate of Return |
|--|----------------------|---|
| Domestic equity                                      | 36.00 %              | 6.05 %                                    |
| International equity                                 | 18.00                | 6.64                                      |
| Other growth equity (REIT and global infrastructure) | 6.00                 | 3.84                                      |
| Domestic fixed income                                | 36.00                | 1.80                                      |
| High yield fixed income                              | 3.00                 | 3.40                                      |
| Cash   | 1.00                 | 1.00                                      |
|  | <hr/>                |   |
| Total  | 100.00 %             |   |

**Discount rate** – The discount rate used to measure the TOL was 6.50% as of June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at a flat \$70 per eligible employee per pay period. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2025.

**Sensitivity of the net OPEB asset to changes in the discount rate** – The following presents the County's proportionate share of the net OPEB asset, as well as what the County's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current discount rate:

|                | 1% Decrease<br>(5.50%) | Current Discount<br>Rate (6.50%) | 1% Increase<br>(7.50%) |
|----------------|------------------------|----------------------------------|------------------------|
| Net OPEB asset | \$ (1,769,437)         | \$ (2,173,374)                   | \$ (2,537,682)         |

# Kern County Hospital Authority

## Notes to Financial Statements

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**Sensitivity of the net OPEB asset to changes in the health care cost trend rates** – The following presents Kern Medical's proportionate share of the net OPEB asset, as well as what Kern Medical's proportionate share of the net OPEB asset would be if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates:

|                | 1% Decrease    | Trend Rates*   | 1% Increase    |
|----------------|----------------|----------------|----------------|
| Net OPEB asset | \$ (2,416,281) | \$ (2,173,374) | \$ (1,892,456) |

\*See actuarial methods and assumptions table for current trend rates

### Note 13 – Self-Insurance Programs

**Medical malpractice claims** – Kern Medical is self-insured for medical malpractice claims for the first \$2,000,000 per incident, with a \$10,000,000 umbrella professional liability policy in excess of the self-insured retention. Kern Medical also maintains excess liability coverage for claims in excess of total maximum policy limitation. Insurance coverage is on a claims-made basis.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Annual estimated provisions are accrued based on Kern Medical's past experience as well as other considerations, including the nature of the claim or incident and relevant trend factors. Losses from asserted and unasserted claims identified under Kern Medical's incident reporting system are actuarially determined based on Kern Medical's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. These unpaid claim liabilities were discounted at 3.5% in both 2025 and 2024, to account for the time value of money to determine the current estimated liabilities as reflected below. It is reasonably possible that this estimate could change materially in the near term.

A reconciliation for professional liability claims (including claims incurred but not reported) for the years ended June 30 are as follows:

|  | 2025                | 2024                | 2023                |
|--|---------------------|---------------------|---------------------|
| Balance, beginning of year   | \$ 6,478,253        | \$ 6,714,868        | \$ 7,565,271        |
| Current year claims incurred and changes in estimates for claims incurred in prior periods | 1,371,062           | (235,615)           | (849,071)           |
| Claims and expenses paid   | (400)               | (1,000)             | (1,332)             |
| Balance, end of year   | <u>\$ 7,848,915</u> | <u>\$ 6,478,253</u> | <u>\$ 6,714,868</u> |

## Kern County Hospital Authority

### Notes to Financial Statements

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**Workers' compensation claims** – Under the California Unemployment and Workers' Compensation Insurance provisions, Kern Medical has elected to pay the actual claims filed for unemployment and workers' compensation benefits. Reinsurance policies have been purchased by Kern Medical for claims incurred above selected retention levels for a small portion of enrolled members. The liability associated with the self-insurance policies of Kern Medical is based upon Kern Medical's historical trend analysis and includes amounts for claims incurred but not reported.

A reconciliation for workers' compensation claims (including claims incurred but not reported), for the years ended June 30 are as follows:

|  | 2025                | 2024                | 2023                |
|--|---------------------|---------------------|---------------------|
| Balance, beginning of year   | \$ 4,596,389        | \$ 3,981,454        | \$ 5,332,410        |
| Current year claims incurred and changes in estimates for claims incurred in prior periods | 1,579,724           | 714,588             | (1,241,029)         |
| Claims and expenses paid   | <u>(215,075)</u>    | <u>(99,653)</u>     | <u>(109,927)</u>    |
| Balance, end of year   | <u>\$ 5,961,038</u> | <u>\$ 4,596,389</u> | <u>\$ 3,981,454</u> |

#### Note 14 – Deferred Compensation

Kern Medical offers its employees a deferred compensation plan created by the County in accordance with IRC Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Amounts accumulated under the plan have been invested in several investment options at the direction of the employee.

In accordance with requirements of IRC Section 457 and the Small Business Job Protection Act of 1996, the assets in the plan were transferred to a trust as approved by the County Board of Supervisors. The trust holds the plan assets for the exclusive benefit of the participants and their beneficiaries.

Completed financial statements for the Deferred Compensation Plan may be obtained from the Office of the Kern County Treasurer-Tax Collector located at 1115 Truxtun Avenue, Bakersfield, California 93301.

#### Note 15 – Commitments and Contingencies

**Litigation** – Kern Medical is the subject of certain claims and assessments arising in the normal course of its operations. In some instances, these matters have been settled or tried, with or without payment made by Kern Medical. In other instances, these matters have been dismissed without payment.

The County, along with seven other counties, is the plaintiff in a case regarding Medi-Cal outpatient payment rates for current and prior services. The complaint is that the DHCS did not comply with certain federal and state requirements in setting current and prior outpatient payment rates. The case was settled during the 2005 year in the County's favor and Kern Medical received one-half of the settlement amount. The other half is contingent upon the Federal government's provision of Federal financial participation for the settlement. Therefore, Kern Medical has not accrued any amounts as a result of this settlement.

## **Kern County Hospital Authority**

### **Notes to Financial Statements**

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**Regulatory matters** – The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program requirements, and reimbursements for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that Kern Medical is in compliance with fraud and abuse, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory action unknown or unasserted at this time.

In addition, Kern Medical is subject to changes in government legislation that could impact Medicare and Medi-Cal payment levels and is also subject to increased levels of managed care penetration and changes in payer patterns that may impact the level and timing of payments for services rendered.

Final determination of amounts earned under prospective payment and cost reimbursement activities is subject to review by appropriate governmental authorities or their agents. In the opinion of management, adequate provision has been made for any adjustments that could result from such reviews.

#### **Note 16 – Construction and Seismic Standards**

Under current California laws, Kern Medical's facilities must comply with specific provisions related to structural and nonstructural seismic standards. These laws generally required hospitals to retrofit, remodel, or upgrade several buildings before 2013, subject to legislative changes and certain available exemptions. Kern Medical is currently working on improvements to noncompliant buildings in order to receive exemptions available under current legislation through 2030. Preliminary cost estimates have been generated for the plan. Kern is currently working to obtain grant funds for the seismic upgrades.

#### **Note 17 – Leases**

Kern Medical is a lessee for noncancellable leases of building space and equipment with lease terms through 2029. There are no residual value guarantees included in the measurement of Kern Medical's lease liability nor recognized as an expense for the years ended June 30, 2025 and 2024. Kern Medical does not have any commitments that were incurred at the commencement of the leases. Kern Medical is subject to variable equipment usage payments that are expensed when incurred. There were no amounts recognized as variable lease payments as lease expense on the statement of changes of net position for the years ended June 30, 2025 and 2024. No termination penalties were incurred during the fiscal year.

## Kern County Hospital Authority

### Notes to Financial Statements

Kern Medical has the following right-to-use and lease liability activities as of June 30, 2025:

|                               | July 1        | Additions      | Deletions      | June 30       |
|-------------------------------|---------------|----------------|----------------|---------------|
| Right-to-use assets           |               |                |                |               |
| Building                      | \$ 13,222,837 | \$ 186,117     | \$ (78,181)    | \$ 13,330,773 |
| Equipment                     | 7,663,774     | -              | (1,513,671)    | 6,150,103     |
| Total right-to-use assets     | 20,886,611    | 186,117        | (1,591,852)    | 19,480,876    |
| Less accumulated amortization |               |                |                |               |
| Building                      | 7,145,613     | 2,062,244      | (78,181)       | 9,129,676     |
| Equipment                     | 2,062,997     | 1,398,207      | (1,513,671)    | 1,947,533     |
| Net right-to-use assets       | \$ 11,678,001 | \$ (3,274,334) | \$ -           | \$ 8,403,667  |
| Lease liabilities             | \$ 12,043,323 | \$ 185,375     | \$ (3,470,579) | \$ 8,758,119  |

Kern Medical has the following right-to-use and lease liability activities as of June 30, 2024:

|                               | July 1        | Additions    | Deletions      | June 30       |
|-------------------------------|---------------|--------------|----------------|---------------|
| Right-of-use assets           |               |              |                |               |
| Building                      | \$ 11,700,067 | \$ 1,736,543 | \$ (213,773)   | \$ 13,222,837 |
| Equipment                     | 1,513,671     | 6,150,103    | -              | 7,663,774     |
| Total right-to-use assets     | 13,213,738    | 7,886,646    | (213,773)      | 20,886,611    |
| Less accumulated amortization |               |              |                |               |
| Building                      | 5,277,771     | 2,081,615    | (213,773)      | 7,145,613     |
| Equipment                     | 840,928       | 1,222,069    | -              | 2,062,997     |
| Net right-to-use assets       | \$ 7,095,039  | \$ 4,582,962 | \$ -           | \$ 11,678,001 |
| Lease liabilities             | \$ 7,374,990  | \$ 7,757,590 | \$ (3,089,257) | \$ 12,043,323 |

Kern Medical recognized approximately \$3,460,000 and \$3,304,000 in amortization expense as of June 30, 2025 and 2024, respectively. Amortization expense is included in the depreciation and amortization expense on the Statements of Revenues, Expenses, and Changes in Net Position.

The future principal and interest lease payments as of June 30, 2025, were as follows:

|                       | Principal    | Interest   | Total        |
|-----------------------|--------------|------------|--------------|
| Years Ending June 30, |              |            |              |
| 2026                  | \$ 3,187,613 | \$ 234,309 | \$ 3,421,922 |
| 2027                  | 2,338,063    | 144,562    | 2,482,625    |
| 2028                  | 1,776,082    | 78,265     | 1,854,347    |
| 2029                  | 903,971      | 28,549     | 932,520      |
| 2030                  | 129,163      | 16,040     | 145,203      |
| Thereafter            | 423,227      | 21,692     | 444,919      |
|                       | \$ 8,758,119 | \$ 523,417 | \$ 9,281,536 |

Kern Medical evaluated the right-to-use assets for impairment and determined there was no impairment for the year ended June 30, 2025.

# Kern County Hospital Authority

## Notes to Financial Statements

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### Note 18 – Subscription-Based Information Technology Arrangements

Kern Medical has the following SBITA asset and liability activities as of June 30, 2025:

|                               | July 1              | Additions        | Deletions           | June 30             |
|-------------------------------|---------------------|------------------|---------------------|---------------------|
| SBITA assets – software       | \$ 3,978,352        | \$ -             | \$ (96,482)         | \$ 3,881,870        |
| Less accumulated amortization | <u>(1,725,265)</u>  | <u>(750,596)</u> | <u>96,482</u>       | <u>(2,379,379)</u>  |
| Total SBITA assets, net       | <u>2,253,087</u>    | <u>(750,596)</u> | <u>-</u>            | <u>1,502,491</u>    |
| SBITA liabilities             | <u>\$ 2,347,269</u> | <u>\$ -</u>      | <u>\$ (752,730)</u> | <u>\$ 1,594,539</u> |

Kern Medical has the following SBITA asset activities as of June 30, 2024:

|                               | July 1              | Additions        | Deletions           | June 30             |
|-------------------------------|---------------------|------------------|---------------------|---------------------|
| SBITA assets – software       | \$ 3,978,352        | \$ -             | \$ -                | \$ 3,978,352        |
| Less accumulated amortization | <u>(951,969)</u>    | <u>(773,296)</u> | <u>-</u>            | <u>(1,725,265)</u>  |
| Total SBITA assets, net       | <u>3,026,383</u>    | <u>(773,296)</u> | <u>-</u>            | <u>2,253,087</u>    |
| SBITA liabilities             | <u>\$ 3,095,103</u> | <u>\$ 4,929</u>  | <u>\$ (752,763)</u> | <u>\$ 2,347,269</u> |

The future principal and interest SBITA payments as of June 30, 2025, were as follows:

|                       | Principal           | Interest         | Total               |
|-----------------------|---------------------|------------------|---------------------|
| Years Ending June 30, |                     |                  |                     |
| 2026                  | \$ 763,896          | \$ 40,485        | \$ 804,381          |
| 2027                  | 666,518             | 15,823           | 682,341             |
| 2028                  | <u>164,125</u>      | <u>1,336</u>     | <u>165,461</u>      |
|                       | <u>\$ 1,594,539</u> | <u>\$ 57,644</u> | <u>\$ 1,652,183</u> |

## **Required Supplementary Information**

**Kern County Hospital Authority**  
**Other Post-Employment Benefits**  
**Schedule of the Proportionate Share of the Net OPEB Liability (Asset)**  
**for Kern Medical**

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Last 10 Fiscal Years\*

| Reporting Date<br>for Employer<br>under GASB 75<br>as of June 30 | Measurement<br>Date as of<br>June 30 | Proportion<br>of the Net<br>OPEB Liability/(Asset) | Proportionate<br>Share of Net<br>OPEB Liability/(Asset) | Covered-Employee<br>Payroll | Proportionate<br>Share of the<br>Net OPEB<br>Liability as a<br>Percentage of its<br>Covered-Employee<br>Payroll | Plan's Fiduciary<br>Net Position as<br>a Percentage<br>of the Total<br>OPEB Liability/(Asset) |
|--|--------------------------------------|--|---|-----------------------------|---|---|
| 2018   | 2018                                 | 7.2%   | \$ 4,306,044  | \$ 48,177,262               | 8.9%  | 56.6%   |
| 2019   | 2019                                 | 7.5%   | \$ 3,772,716  | \$ 49,863,466               | 7.6%  | 62.7%   |
| 2020   | 2020                                 | 8.1%   | \$ 3,753,285  | \$ 27,390,597               | 13.7%   | 66.0%   |
| 2021   | 2021                                 | 8.2%   | \$ 1,653,757  | \$ 26,173,524               | 6.3%  | 84.9%   |
| 2022   | 2022                                 | 9.8%   | \$ 7,216,964  | \$ 23,920,585               | 30.2%   | 57.5%   |
| 2023   | 2023                                 | 10.0%  | \$ 7,075,072  | \$ 25,712,458               | 27.5%   | 60.5%   |
| 2024   | 2024                                 | 5.3%   | \$ (1,452,817)  | \$ 25,670,590               | -5.7%   | 128.9%  |
| 2025   | 2025                                 | 5.2%   | \$ (2,173,374)  | \$ 20,215,269               | -10.8%  | 143.3%  |

\*Based on the total covered employee payroll for employees classified as Kern Medical in the census data. Fiscal year 2018 was the first year of implementation; therefore, only eight years are presented.

See accompanying report of independent auditors.

**Kern County Hospital Authority**  
**Pension Plan**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**for Kern Medical**

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Last 10 Fiscal Years

| Reporting Date<br>for Employer<br>under GASB 68<br>as of June 30 | Proportion<br>of the Net<br>Pension Liability | Proportionate<br>Share of Net<br>Pension Liability | County's<br>Covered-Employee<br>Payroll | Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of its<br>Covered-Employee<br>Payroll | Plan's Fiduciary<br>Net Position as<br>a Percentage<br>of the Total<br>Pension Liability |
|--|---|--|---|--|--|
| 2016   | 15.67%  | \$ 345,262,534                                     | \$ 81,925,123                           | 421.44%  | 61.87%   |
| 2017   | 13.67%  | \$ 329,935,445                                     | \$ 78,433,199                           | 420.66%  | 59.37%   |
| 2018   | 12.41%  | \$ 293,255,458                                     | \$ 78,815,070                           | 372.08%  | 62.49%   |
| 2019   | 13.18%  | \$ 307,234,709                                     | \$ 89,068,706                           | 344.94%  | 64.19%   |
| 2020   | 13.52%  | \$ 322,103,797                                     | \$ 93,857,773                           | 343.18%  | 64.43%   |
| 2021   | 14.32%  | \$ 381,152,811                                     | \$ 104,248,078                          | 365.62%  | 62.00%   |
| 2022   | 15.04%  | \$ 284,243,193                                     | \$ 107,477,006                          | 264.47%  | 73.38%   |
| 2023   | 14.51%  | \$ 345,399,109                                     | \$ 106,790,632                          | 323.44%  | 67.86%   |
| 2024   | 13.69%  | \$ 344,447,058                                     | \$ 116,976,730                          | 294.46%  | 68.52%   |
| 2025   | 13.71%  | \$ 331,776,526                                     | \$ 138,457,446                          | 239.62%  | 71.27%   |

See accompanying report of independent auditors.

**Kern County Hospital Authority**  
**Pension Plan**  
**Schedule of Contributions for Kern Medical**

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Last 10 Fiscal Years

| Reporting Date<br>for Employer<br>under GASB 68<br>as of June 30 | Actuarially<br>Determined<br>Contribution | Kern Medical's<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Kern Medical's<br>Covered-Employee<br>Payroll | Contributions as<br>a Percentage of<br>Covered-Employee<br>Payroll |
|--|---|--------------------------------|--|---|--|
| 2016   | \$ 26,558,513                             | \$ 26,558,513                  | \$ -                                   | \$ 81,925,123                                 | 32.42%   |
| 2017   | \$ 26,222,853                             | \$ 26,222,853                  | \$ -                                   | \$ 78,433,199                                 | 33.43%   |
| 2018   | \$ 28,411,580                             | \$ 28,411,580                  | \$ -                                   | \$ 78,815,070                                 | 36.05%   |
| 2019   | \$ 30,922,108                             | \$ 30,922,108                  | \$ -                                   | \$ 89,068,706                                 | 34.72%   |
| 2020   | \$ 29,801,356                             | \$ 29,801,356                  | \$ -                                   | \$ 93,857,773                                 | 31.75%   |
| 2021   | \$ 38,354,347                             | \$ 38,354,347                  | \$ -                                   | \$ 104,248,078                                | 36.79%   |
| 2022   | \$ 38,713,478                             | \$ 38,713,478                  | \$ -                                   | \$ 107,477,006                                | 36.02%   |
| 2023   | \$ 40,768,957                             | \$ 40,768,957                  | \$ -                                   | \$ 106,790,632                                | 38.18%   |
| 2024   | \$ 44,690,354                             | \$ 44,690,354                  | \$ -                                   | \$ 116,976,730                                | 38.20%   |
| 2025   | \$ 50,311,505                             | \$ 50,311,505                  | \$ -                                   | \$ 138,457,446                                | 36.34%   |

See accompanying report of independent auditors.

## **Supplementary Information**

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**Kern County Hospital Authority**  
**Schedule of Net Position**  
**June 30, 2025**

|   | Kern Medical   | Kern Medical<br>Surgery Center | Eliminations   | Total          |
|---|----------------|--------------------------------|----------------|----------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>  |                |                                |                |                |
| <b>CURRENT ASSETS</b>   |                |                                |                |                |
| Cash  | \$ 28,737,931  | \$ 95,430                      | \$ -           | \$ 28,833,361  |
| Revolving fund cash   | 3,000          | -                              | -              | 3,000          |
| Patient accounts receivable, net of allowances for doubtful<br>accounts of \$14,235,000 in 2025 | 57,976,227     | 556,300                        | -              | 58,532,527     |
| Due from governmental agencies  | 239,397,612    | -                              | -              | 239,397,612    |
| Other receivables   | 21,797,767     | 6,631                          | -              | 21,804,398     |
| Inventories   | 5,554,598      | -                              | -              | 5,554,598      |
| Prepaid expenses  | 7,631,242      | -                              | -              | 7,631,242      |
| Total current assets  | 361,098,377    | 658,361                        | -              | 361,756,738    |
| RIGHT-TO-USE ASSETS, net  | 8,255,098      | 148,569                        | -              | 8,403,667      |
| SUBSCRIPTION-BASED INFORMATION TECHNOLOGY<br>ARRANGEMENTS (SBITA), net                          | 1,502,491      | -                              | -              | 1,502,491      |
| NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)   | 2,173,374      | -                              | -              | 2,173,374      |
| INVESTMENT IN SURGERY CENTER  | 5,846,067      | -                              | (5,846,067)    | -              |
| CAPITAL ASSETS, net   | 96,029,352     | 808,227                        | -              | 96,837,579     |
| Total assets  | 474,904,759    | 1,615,157                      | (5,846,067)    | 470,673,849    |
| DEFERRED OUTFLOWS OF RESOURCES  | 107,614,345    | -                              | -              | 107,614,345    |
| Total assets and deferred outflows of resources   | \$ 582,519,104 | \$ 1,615,157                   | \$ (5,846,067) | \$ 578,288,194 |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>                             |                |                                |                |                |
| <b>CURRENT LIABILITIES</b>  |                |                                |                |                |
| Accounts payable and accrued expenses   | \$ 34,546,459  | \$ 326,535                     | \$ -           | \$ 34,872,994  |
| Salaries and employee benefits payable  | 19,812,529     | -                              | -              | 19,812,529     |
| Interest payable, current portion   | 957,053        | -                              | -              | 957,053        |
| Current portion of compensated absences payable   | 7,648,301      | -                              | -              | 7,648,301      |
| Current portion of lease liability  | 3,014,787      | 172,826                        | -              | 3,187,613      |
| Current portion of SBITA liability  | 763,896        | -                              | -              | 763,896        |
| Current portion of estimate for professional liability  | 3,171,800      | -                              | -              | 3,171,800      |
| Current portion of estimate for workers' compensation liability                                 | 1,243,269      | -                              | -              | 1,243,269      |
| Current portion of long-term debt   | 1,058,183      | -                              | -              | 1,058,183      |
| Total current liabilities   | 72,216,277     | 499,361                        | -              | 72,715,638     |
| <b>NONCURRENT LIABILITIES</b>   |                |                                |                |                |
| Interest payable, net of current portion  | 7,408,309      | -                              | -              | 7,408,309      |
| Compensated absences payable, net of current portion  | 17,846,036     | -                              | -              | 17,846,036     |
| Net pension liability   | 331,776,526    | -                              | -              | 331,776,526    |
| Estimate for professional liability, net of current portion                                     | 4,677,115      | -                              | -              | 4,677,115      |
| Estimate for workers' compensation liability, net of current portion                            | 4,717,769      | -                              | -              | 4,717,769      |
| Lease liability, net of current portion   | 5,570,506      | -                              | -              | 5,570,506      |
| SBITA liability, net of current portion   | 830,643        | -                              | -              | 830,643        |
| Long-term debt, net of current portion  | 6,092,765      | -                              | -              | 6,092,765      |
| Total liabilities   | 451,135,946    | 499,361                        | -              | 451,635,307    |
| DEFERRED INFLOWS OF RESOURCES   | 24,765,696     | -                              | -              | 24,765,696     |
| <b>NET POSITION</b>   |                |                                |                |                |
| Investment in capital assets  | 96,029,352     | 808,227                        | -              | 96,837,579     |
| Unrestricted  | 10,588,110     | 307,569                        | (5,846,067)    | 5,049,612      |
| Total net position  | 106,617,462    | 1,115,796                      | (5,846,067)    | 101,887,191    |
| Total liabilities, deferred inflows of resources, and net position                              | \$ 582,519,104 | \$ 1,615,157                   | \$ (5,846,067) | \$ 578,288,194 |

See accompanying report of independent auditors.

**Kern County Hospital Authority**  
**Schedule of Net Position**  
**June 30, 2024**

|   | Kern Medical   | Kern Medical<br>Surgery Center | Eliminations   | Total          |
|---|----------------|--------------------------------|----------------|----------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>  |                |                                |                |                |
| <b>CURRENT ASSETS</b>   |                |                                |                |                |
| Cash  | \$ 50,299,731  | \$ 129,372                     | \$ -           | \$ 50,429,103  |
| Revolving fund cash   | 3,000          | -                              | -              | 3,000          |
| Patient accounts receivable, net of allowances for doubtful<br>accounts of \$11,580,000 in 2024 | 48,875,020     | 379,578                        | -              | 49,254,598     |
| Due from governmental agencies  | 204,691,559    | -                              | -              | 204,691,559    |
| Other receivables   | 19,070,677     | 79,048                         | -              | 19,149,725     |
| Inventories   | 4,640,928      | -                              | -              | 4,640,928      |
| Prepaid expenses  | 6,897,103      | -                              | -              | 6,897,103      |
| Total current assets  | 334,478,018    | 587,998                        | -              | 335,066,016    |
| <b>RIGHT-TO-USE ASSETS, net</b>   | 11,232,292     | 445,709                        | -              | 11,678,001     |
| <b>SUBSCRIPTION-BASED INFORMATION TECHNOLOGY<br/>ARRANGEMENTS (SBITA), net</b>                  | 2,253,087      | -                              | -              | 2,253,087      |
| <b>NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)</b>  | 1,452,817      | -                              | -              | 1,452,817      |
| <b>INVESTMENT IN SURGERY CENTER</b>   | 5,846,067      | -                              | (5,846,067)    | -              |
| <b>CAPITAL ASSETS, net</b>  | 94,448,696     | 919,533                        | -              | 95,368,229     |
| Total assets  | 449,710,977    | 1,953,240                      | (5,846,067)    | 445,818,150    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   | 118,686,651    | -                              | -              | 118,686,651    |
| Total assets and deferred outflows of resources   | \$ 568,397,628 | \$ 1,953,240                   | \$ (5,846,067) | \$ 564,504,801 |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>                             |                |                                |                |                |
| <b>CURRENT LIABILITIES</b>  |                |                                |                |                |
| Accounts payable and accrued expenses   | \$ 34,908,502  | \$ 145,674                     | \$ -           | \$ 35,054,176  |
| Salaries and employee benefits payable  | 17,839,227     | -                              | -              | 17,839,227     |
| Interest payable, current portion   | 883,631        | -                              | -              | 883,631        |
| Current portion of compensated absences payable   | 7,190,901      | -                              | -              | 7,190,901      |
| Current portion of lease liability  | 3,118,995      | 331,419                        | -              | 3,450,414      |
| Current portion of SBITA liability  | 754,163        | -                              | -              | 754,163        |
| Current portion of estimate for professional liability  | 2,334,246      | -                              | -              | 2,334,246      |
| Current portion of estimate for workers' compensation liability                                 | 953,188        | -                              | -              | 953,188        |
| Current portion of long-term debt   | 1,062,281      | -                              | -              | 1,062,281      |
| Total current liabilities   | 69,045,134     | 477,093                        | -              | 69,522,227     |
| <b>NONCURRENT LIABILITIES</b>   |                |                                |                |                |
| Interest payable, net of current portion  | 7,151,631      | -                              | -              | 7,151,631      |
| Compensated absences payable, net of current portion  | 16,778,768     | -                              | -              | 16,778,768     |
| Net pension liability   | 344,447,058    | -                              | -              | 344,447,058    |
| Estimate for professional liability, net of current portion                                     | 4,144,007      | -                              | -              | 4,144,007      |
| Estimate for workers' compensation liability, net of current portion                            | 3,643,201      | -                              | -              | 3,643,201      |
| Lease liability, net of current portion   | 8,420,550      | 172,359                        | -              | 8,592,909      |
| SBITA liability, net of current portion   | 1,593,106      | -                              | -              | 1,593,106      |
| Long-term debt, net of current portion  | 7,150,948      | -                              | -              | 7,150,948      |
| Total liabilities   | 462,374,403    | 649,452                        | -              | 463,023,855    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | 36,070,074     | -                              | -              | 36,070,074     |
| <b>NET POSITION</b>   |                |                                |                |                |
| Investment in capital assets  | 94,448,696     | 919,533                        | -              | 95,368,229     |
| Unrestricted  | (24,495,545)   | 384,255                        | (5,846,067)    | (29,957,357)   |
| Total net position  | 69,953,151     | 1,303,788                      | (5,846,067)    | 65,410,872     |
| Total liabilities, deferred inflows of resources, and net position                              | \$ 568,397,628 | \$ 1,953,240                   | \$ (5,846,067) | \$ 564,504,801 |

See accompanying report of independent auditors.

**Kern County Hospital Authority**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2025**

|  | Kern Medical   | Kern Medical<br>Surgery Center | Eliminations   | Total          |
|--|----------------|--------------------------------|----------------|----------------|
| <b>OPERATING REVENUES</b>  |                |                                |                |                |
| Net patient service revenue, net of provisions for<br>uncollectible accounts of \$17,734,000 in 2025 | \$ 321,923,861 | \$ 5,722,669                   | \$ -           | \$ 327,646,530 |
| Indigent patient care funding  | 221,263,117    | -                              | -              | 221,263,117    |
| Correctional medicine funding  | 42,224,388     | -                              | -              | 42,224,388     |
| County funding   | 3,422,529      | -                              | -              | 3,422,529      |
| Other operating revenue  | 33,323,670     | 6,486,554                      | (6,486,554)    | 33,323,670     |
| Total operating revenues   | 622,157,565    | 12,209,223                     | (6,486,554)    | 627,880,234    |
| <b>OPERATING EXPENSES</b>  |                |                                |                |                |
| Salaries and employee benefits   | 368,438,838    | 8,670,567                      | (4,924,816)    | 372,184,589    |
| Services and supplies  | 190,689,445    | 3,283,603                      | -              | 193,973,048    |
| Other expenses   | 7,334,163      | 22,897                         | (1,561,738)    | 5,795,322      |
| Depreciation and amortization  | 15,570,534     | 399,294                        | -              | 15,969,828     |
| Total operating expenses   | 582,032,980    | 12,376,361                     | (6,486,554)    | 587,922,787    |
| OPERATING INCOME (LOSS)  | 40,124,585     | (167,138)                      | -              | 39,957,447     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |                |                                |                |                |
| Interest on bank deposits and investments, net   | 185,478        | -                              | -              | 185,478        |
| Revenue from other governmental agencies   | 200,535        | -                              | -              | 200,535        |
| Other nonoperating revenues  | 180,901        | -                              | -              | 180,901        |
| Interest expense   | (4,027,188)    | (20,854)                       | -              | (4,048,042)    |
| Total nonoperating revenues (expenses), net  | (3,460,274)    | (20,854)                       | -              | (3,481,128)    |
| Change in net position   | 36,664,311     | (187,992)                      | -              | 36,476,319     |
| NET POSITION, beginning of year  | 69,953,151     | 1,303,788                      | (5,846,067)    | 65,410,872     |
| NET POSITION, end of year  | \$ 106,617,462 | \$ 1,115,796                   | \$ (5,846,067) | \$ 101,887,191 |

See accompanying report of independent auditors.

**Kern County Hospital Authority**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2024**

|  | Kern Medical   | Kern Medical<br>Surgery Center | Eliminations   | Total          |
|--|----------------|--------------------------------|----------------|----------------|
| <b>OPERATING REVENUES</b>  |                |                                |                |                |
| Net patient service revenue, net of provisions for<br>uncollectible accounts of \$14,410,000 in 2024 | \$ 287,484,381 | \$ 4,344,808                   | \$ -           | \$ 291,829,189 |
| Indigent patient care funding  | 196,711,998    | -                              | -              | 196,711,998    |
| Correctional medicine funding  | 34,172,564     | -                              | -              | 34,172,564     |
| County funding   | 3,422,997      | -                              | -              | 3,422,997      |
| Other operating revenue  | 24,061,041     | 4,842,557                      | (4,834,825)    | 24,068,773     |
| Total operating revenues   | 545,852,981    | 9,187,365                      | (4,834,825)    | 550,205,521    |
| <b>OPERATING EXPENSES</b>  |                |                                |                |                |
| Salaries and employee benefits   | 333,220,697    | 5,552,366                      | (3,444,923)    | 335,328,140    |
| Services and supplies  | 183,710,448    | 2,506,669                      | -              | 186,217,117    |
| Other expenses   | 6,662,187      | 65,857                         | (1,389,902)    | 5,338,142      |
| Depreciation and amortization  | 15,404,151     | 449,014                        | -              | 15,853,165     |
| Total operating expenses   | 538,997,483    | 8,573,906                      | (4,834,825)    | 542,736,564    |
| OPERATING INCOME   | 6,855,498      | 613,459                        | -              | 7,468,957      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |                |                                |                |                |
| Interest on bank deposits and investments, net   | 241,391        | -                              | -              | 241,391        |
| Revenue from other governmental agencies   | 193,480        | -                              | -              | 193,480        |
| Other nonoperating revenues  | 193,807        | -                              | -              | 193,807        |
| Interest expense   | (3,161,293)    | (21,072)                       | -              | (3,182,365)    |
| Total nonoperating revenues (expenses), net  | (2,532,615)    | (21,072)                       | -              | (2,553,687)    |
| Change in net position   | 4,322,883      | 592,387                        | -              | 4,915,270      |
| NET POSITION, beginning of year  | 65,630,268     | 711,401                        | (5,846,067)    | 60,495,602     |
| NET POSITION, end of year  | \$ 69,953,151  | \$ 1,303,788                   | \$ (5,846,067) | \$ 65,410,872  |

See accompanying report of independent auditors.

## **Report of Independent Auditors 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***

The Board of Governors  
Kern County Hospital Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kern County Hospital Authority, which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively Kern County Hospital Authority's basic financial statements, and have issued our report thereon dated January 9, 2026.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kern County Hospital Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kern County Hospital Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Kern County Hospital Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Kern County Hospital Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-002 to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kern County Hospital Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Kern County Hospital Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Kern County Hospital Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Kern County Hospital Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kern County Hospital Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kern County Hospital Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Los Angeles, California  
January 9, 2026

## **Kern County Hospital Authority**

### **Schedule of Findings and Responses**

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#### **Finding 2025-001 – Material Weakness in Internal Controls over Financial Reporting – Valuation of Patient Accounts Receivables**

##### **Criteria**

Patient accounts receivable must be accurately valued in accordance with accounting principles generally accepted in the United States of America. Specifically, the patient accounts receivable balances should reflect net realizable amounts in accordance with historical data.

##### **Condition**

During our testing of patient accounts receivable, we noted a difference between our estimated valuation of the patient accounts receivable and management's estimate of approximately \$17M. This difference was primarily due to an additional contractual allowance recorded by management in excess of the allowances that were initially calculated by management as part of the standard monthly review process.

##### **Cause**

The additional allowance recorded by management resulted from management performing their analysis based on the impact to the statement of revenues, expenses and changes to net position, without properly assessing the impact to the corresponding valuation of the patient accounts receivable.

##### **Effect**

As a result, we concluded that an adjustment to increase patient accounts receivable and increase net patient services revenue as of June 30, 2025, by \$17M was necessary. The \$17M represents an increase to the amount estimated to be collected as of June 30, 2025, and is necessary to ensure that the statement of revenues, expenses, and changes in net position aligns with what is reported on the statement of net position.

##### **Recommendation**

We recommend that management implement controls to ensure that all adjustments to calculated contractual allowances for patient receivables are properly supported. Additionally, we recommend that management review its contractual allowance calculation methodology and identify whether further disaggregation is necessary to enhance the precision and reliability of the estimate.

##### **Views of responsible officials**

Kern County Hospital Authority management agrees with Baker Tilly's assessment that excess contractual allowances were placed on patient accounts receivable at June 30, 2025. However, it is management's opinion that the core methodology currently used to estimate allowances for patient receivables is sound and reliable. Patient accounts receivable are analyzed at the patient level each month and the impact on both the statement of net position and net patient revenue are taken into consideration. Management is conscientious about the fact that patient cash collections must equal or exceed the dollar amount of net patient revenue recognized. Net patient revenue is the standard industry benchmark cash collection goal for healthcare providers. Therefore, management is conscientious about reporting net patient revenue that can reasonably be collected by the organization. Management will implement additional steps and procedures during future analyses to ensure that reasonable net patient revenue is recognized each period and that it corresponds with net accounts receivable reported on the statement of net position. Analyses will include at least quarterly cash aging analyses to determine whether or not current cash collections correspond with current patient accounts receivable.

## **Kern County Hospital Authority Schedule of Findings and Responses**

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### **Finding 2025-002 – Significant Deficiency in Internal Controls over Financial Reporting – Account Reconciliations and Proper Reviews**

#### **Criteria**

Kern County Hospital Authority should have policies and procedures in place to ensure all accounts are reconciled and reviewed on a timely basis.

#### **Condition**

Throughout our review of the design and implementation of internal controls, we noted multiple instances where the preparation and review of account reconciliations was not taking place until several months after month-end. Additionally, we noted during our review of bank reconciliations, that the bank reconciliations included variances to be researched and transfers between bank accounts that had not been properly recorded within the general ledger.

#### **Cause**

The delay in the preparation and review of the account reconciliation and in the investigation of variances within the bank reconciliations is primarily due to turnover in the accounting department throughout the fiscal year.

#### **Potential effect**

The delay in the preparation and review of the account reconciliation and in the investigation of variances within the bank reconciliations increases the risk that a misstatement within the financial statements would not be identified and corrected in a timely manner.

#### **Recommendation**

We recommend that management implement a financial close and reporting timeline and ensure that all reconciliations are prepared and reviewed within the scheduled timeframe. Additionally, we recommend that management implement processes to ensure that reconciling items are identified and resolved on a timely basis.

#### **Views of responsible officials**

Kern County Hospital Authority management agrees with Baker Tilly's assessment that timely and accurate balance sheet account reconciliations should be prepared monthly. Management also agrees with the assessment that the month-end accounting cycle close process should follow a schedule and be completed within a reasonable timeframe. Current policies and procedures are in place that require accounting staff to prepare monthly balance sheet reconciliations. In addition, management's intent is to complete the accounting cycle close process by the 20<sup>th</sup> of the month following the month being closed. However, as referenced by Baker Tilly above as a primary cause, a high rate of accounting staff turnover during FY 2025 made completing balance sheet reconciliations on a timely basis and adhering to a month-end close schedule difficult. At this time all vacant staff accounting positions have been filled. It is management's expectation that staff will soon gain the expertise and proficiency needed to complete the month-end close process and all balance sheet reconciliations accurately and efficiently on a monthly basis.

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# **Kern County Hospital Authority**

## **2025 Audit Results**

Discussion with the Board of Governors



# Agenda

1. Scope of Services
2. Summary of Audit Process
3. Significant Risks Identified
4. Matters Required to be Communicated with Those Charged with Governance
5. Your Service Team

# Scope of Services

We have performed the following services for the Board of Governors:

## Annual Audit

- Annual financial statement audit for the year ending June 30, 2025, including supplementary information.
- 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*

## Non-Attest Services

- Assist management with drafting the financial statements and related footnotes, excluding Management's Discussion and Analysis, for the year ending June 30, 2025.



# Summary of Audit Process

Our audit was generally performed in accordance with our initial plan. When the results of a planned audit procedure did not provide sufficient evidence or our original plan was based on an incorrect understanding of a transaction, process, or accounting policy of the entity, we made the necessary adjustments to our audit plan to incorporate the procedures necessary to support our opinion on the financial statements.

We have completed our testing of all significant account balances and classes of transactions.

We issued our independent auditor's report and communicated required internal control related matters on January 9, 2026.



# Significant Risks Identified

During the audit, we identified the following significant risks:

| Significant Risks   | Procedures   |
|---|--|
| Management override of controls                               | We performed inquiries of accounting and operational personnel, performed risk assessment procedures, and tested risk-based manual journal entry selections, with no issues noted.   |
| Valuation of the estimate for professional liability          | We obtained the actuarial reports utilized by management to prepare the estimate and tested the underlying data. We confirmed the status of open claims directly with the entity's outside legal counsel. We also performed substantive analytical procedures, with no issues noted. |
| Valuation of the estimate for workers' compensation liability | We obtained the actuarial reports utilized by management to prepare the estimate and tested the underlying data. We also performed substantive analytical procedures, with no issues noted.  |



# Significant Risks Identified

During the audit, we identified the following significant risks:

| Significant Risks  | Procedures  |
|--|---|
| <b>Cutoff and valuation of net patient service revenue</b>                                   | We tested internal controls over revenue recognition and performed substantive analytical procedures. We also tested revenue for cutoff and focused on journal entries posted to revenue to address the presumptive risk of fraud in the recognition of revenue, with no issues noted.                              |
| <b>Valuation of patient accounts receivable</b>  | We tested management's estimate of allowances using underlying collection history. We also completed a lookback analysis and a subsequent cash receipts analysis. As a result of our testing, an adjustment of \$17M was recorded to increase patient accounts receivable and increase net patient service revenue. |
| <b>Valuation of indigent patient care funding and amounts due from governmental agencies</b> | We tested internal controls around the revenue process and tested management's estimate of reserves based on contractual reimbursement arrangements, historical settlements, and the latest information available from payors, with no issues noted   |



# Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

# Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), as well as Government Auditing Standards issued by the Comptroller General of the United States. As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

# Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

Our audit of the financial statements included obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control or to identify deficiencies in the design or operation of internal control. Accordingly, we considered the entity's internal control solely for the purpose of determining our audit procedures and not to provide assurance concerning such internal control.

# Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are also responsible for communicating significant matters related to the financial statement audit that are, in our professional judgment, 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.

# Matters Required to be Communicated with Those Charged with Governance

## Significant Accounting Practices:

Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures

The quality of the entity's accounting policies and underlying estimates are discussed throughout this presentation. There were no changes in the entity's approach to applying the critical accounting policies.

# Matters Required to be Communicated with Those Charged with Governance

Significant Unusual Transactions:

No significant unusual transactions were identified during our audit of the entity's financial statements.

# Matters Required to be Communicated with Those Charged with Governance

## Significant Difficulties Encountered During the Audit:

We are to inform those charged with governance of any significant difficulties encountered in performing the audit. Examples of difficulties may include significant delays by management, an unreasonably brief time to complete the audit, unreasonable management restrictions encountered by the auditor or an unexpected extensive effort required to obtain sufficient appropriate audit evidence.

No significant difficulties were encountered during our audit of the entity's financial statements.

# Matters Required to be Communicated with Those Charged with Governance

## Disagreements With Management:

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the entity's financial statements, or the auditor's report.

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

# Matters Required to be Communicated with Those Charged with Governance

Circumstances that affect the form and content of the auditor's report:

There were no circumstances that affected the form and content of the auditor's report.

# Matters Required to be Communicated with Those Charged with Governance

Other findings or issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process:

There were no other findings or issues arising from the audit to report.

# Matters Required to be Communicated with Those Charged with Governance

Uncorrected Misstatements:

There were no uncorrected misstatements identified as a result of our audit.

# Matters Required to be Communicated with Those Charged with Governance

## Material, Corrected Misstatements:

Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.

The following corrected audit adjustments were recorded:

- An adjustment of approximately \$17,000,000 to increase patient accounts receivable and net patient service revenue. The adjustment represents an increase to the amount estimated to be collected as of June 30, 2025.

# Matters Required to be Communicated with Those Charged with Governance

## Representations Requested of Management

We requested certain representations from management that are included in the management representation letter dated January 9, 2026.

A copy of the management representation letter is available upon request.

# Matters Required to be Communicated with Those Charged with Governance

## Management's Consultation with Other Accountants:

When we are aware that management has consulted with other accountants about significant auditing or accounting matters, we discuss with those charged with governance our views about the matters that were the subject of such consultation.

We are not aware of instances where management consulted with other accountants about significant auditing or accounting matters.

# Matters Required to be Communicated with Those Charged with Governance

Significant issues arising from the audit that were discussed, or the subject of correspondence with management:

No significant issues arose during the audit that have not been addressed elsewhere in this presentation.

# Matters Required to be Communicated with Those Charged with Governance

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to Those Charged with Governance.

During our audit, we identified the following control deficiencies that are required to be communicated in accordance with AU-C 265:

- Material weakness in internal controls over financial reporting related to the valuation of patient accounts receivable
- Significant deficiency in internal controls over financial reporting related to account reconciliations and proper reviews

# Your Service Team



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**THANK  
YOU**



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

January 21, 2026

**Subject:** Kern County Hospital Authority Chief Financial Officer Report – November 2025

**Recommended Action:** Receive and File

**Summary:**

**Kern Medical Operations:**

Kern Medical key performance indicators:

- Operating gain of \$631,597 for November is \$425,574 more than the November budget of 206,023 and \$275,549 more than the \$356,048 average over the last three months
- EBIDA of \$2,161,238 for November is \$310,166 more than the November budget of \$1,851,072 and \$198,356 more than the \$1,962,882 average over the last three months
- Average Daily Census of 160 for November is 11 less than the November budget of 171 and 11 less than the 171 average over the last three months
- Admissions of 829 for November are 3 less than the November budget of 832 and 43 less than the 872 average over the last three months
- Total Surgeries of 460 for November are 23 less than the November budget of 483 and 96 less than the 556 average over the last three months
- Clinic Visits of 19,440 for November are 618 less than the November budget of 20,058 and 3,800 less than the 23,240 average over the last three months

**The following items have budget variances for the month of November 2025:**

**Patient Revenue:**

Gross patient revenue has a 1% favorable budget variance for the month and a 3% favorable budget variance on a year-to-date basis. The favorable variance is mainly due to a 3.5% charge description master (CDM) price increase that became effective on July 1, 2025 and to a lesser extent, patient volumes. Kern Medical expects strong patient census levels and consistently high gross patient revenue for FY 2026.

**Indigent and Correctional Medicine Funding Revenue:**

Indigent funding has an unfavorable budget variance for the month and on a year-to-date basis due to a conservative approach to recognizing indigent funding revenue. For the current month, Kern Medical has only recognized 95% of the total projected revenue for the Managed Care Rate Range Program, the Medi-Cal Quality Assurance Fee Program, the Physician SPA Program, the Graduate Medical Education (GME) Program, and the AB915 Outpatient Supplemental Funding Program. Kern Medical recognizes 100% of the total projected revenue for the Medi-Cal waiver programs including the Global Payment Program (GPP), Enhanced Care Management (ECM), the Enhanced Payment Program (EPP), and the Quality Incentive Program (QIP).

**Other Operating Revenue:**

Other operating revenue is under budget for the month and on a year-to-date basis. Other operating revenue consists of items such as medical education funding, grant funding, Proposition 56 funding, and other miscellaneous non-patient related revenue. These items are received quarterly or otherwise periodically. Therefore, actual month-to-date and year-to-date revenue compared to the budget fluctuates throughout the year.

**Other Non-Operating Revenue:**

Other non-operating revenue is over budget for the month and on a year-to-date basis. Other non-operating revenue consists of miscellaneous items such as revenue for providing out-of-network physician services. These miscellaneous items are not received consistently throughout the year. Therefore, the actual dollar amount recorded for this line item may fluctuate versus budget on a monthly basis and on a year-to-date basis.

**Salaries Expense:**

Salaries expense is 7% under budget for the month and 5% under budget on a year-to-date basis.

**Benefits Expense:**

Benefits expense is 12% under budget for the month and 6% under budget on a year-to-date basis.

**Nurse Registry Expense:**

Nurse registry expense is 20% under budget for the month and 12% under budget on a year-to-date basis. The overall use of nurses under contract was reduced with the intent to hire more nurses as Kern Medical employees.

**Medical Fees:**

Medical fees are 28% over budget for the month and 24% over budget on a year-to-date basis. The unfavorable variance is due to higher-than-average fees paid to the LocumTenens.com physician staffing agency.

**Other Professional Fees:**

Other professional fees are 9% over budget for the month and 4 % over budget on a year-to-date basis. The unfavorable variance is due to an under accrual for Oracle and for Healthcare Performance Group (HPG) information technology consulting services.

**Supplies Expense:**

Supplies expense is 8% under budget for the month and 0.3% under budget year-to-date. The favorable variances are due to lower-than-average pharmaceuticals costs and lower than average surgical and other medical supplies costs.

**Purchased Services:**

Purchased services are 28% over budget for the month and 7% over budget on a year-to-date basis due to higher-than-expected software maintenance costs, ambulance fees, and out of network patient services expenses.

**Other Expenses:**

Other expenses are 10% under budget for the month due to less than average costs for repairs and maintenance and less than average utilities expenses. Other expenses are 3% over budget on a year-to-date basis due to higher-than-average repairs and maintenance expenses and higher than average costs for utilities.

**Interest Expense:**

Interest expense is under budget for the month and year-to-date due to lower-than-average interest paid for the PNC Bank credit line. The monthly interest fluctuates depending on whether or not Kern Medical has borrowed against the credit line and depending on current interest rates.

**Depreciation and Amortization Expense:**

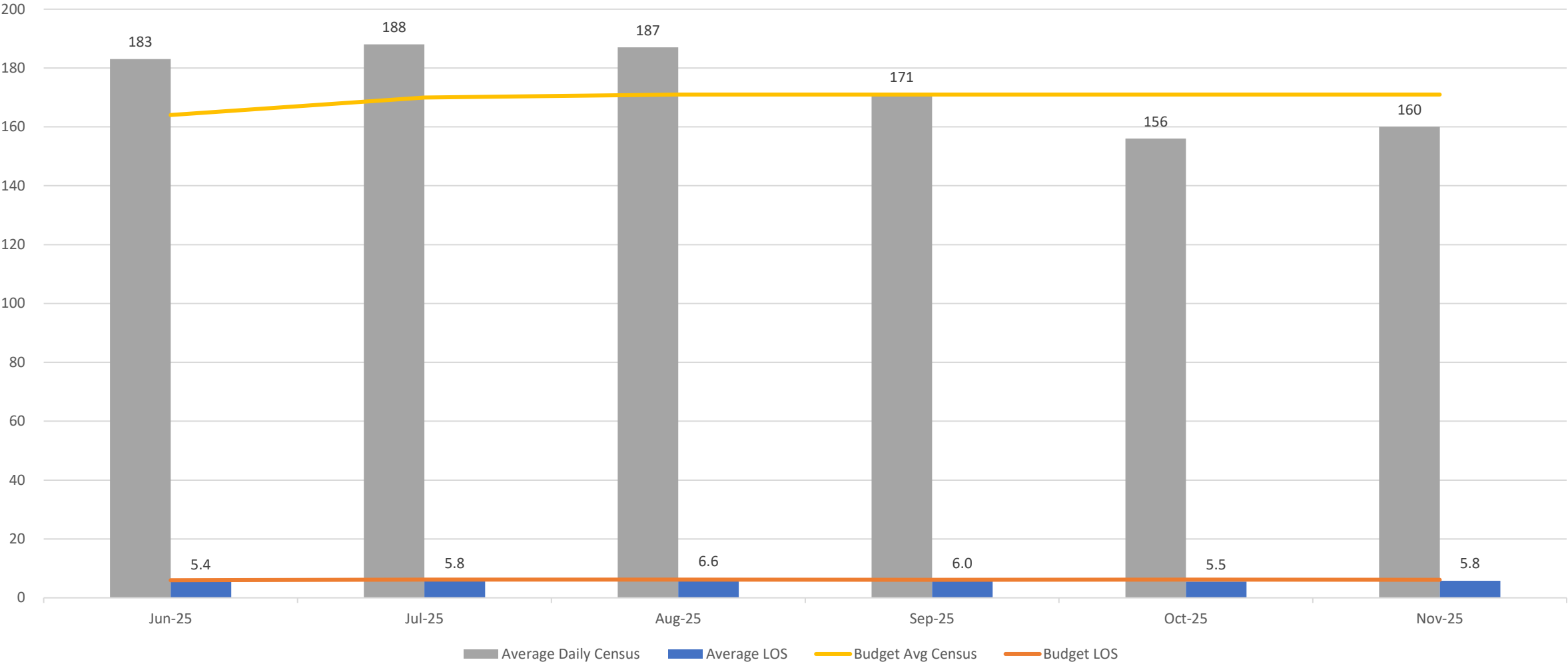
Depreciation expense is under budget for the month because of the recent disposal of endoscopy equipment. Depreciation expense is over budget on a year-to-date basis due to various equipment put in service during FY 2026. Amortization is over budget for the month due to the addition of an MRI lease with Advantage Imaging. Amortization is under budget on a year-to-date basis due to less than average amortization expense for right-of-use (ROU) capital leases and less than average amortization expense for subscription-based information technology arrangement (SBITA) software. A change in the treatment of accounting for leases under GASB 87 was implemented in FY 2022. GASB 87 requires leases to be set up as assets at fair market value and amortized over time. Corresponding right-of-use liabilities are also set up for leases with applicable interest expense accrued. The net effect of the implementation of GASB 87 is minimal. There is a corresponding decrease in lease expense under the other expenses section of the income statement that offsets the increases in amortization expense and interest expense. A change in the treatment of accounting for subscription-based software under GASB 96 was implemented by Kern Medical in 2023. The accounting treatment for subscription-based software under GASB 96 and its net effect financially is the same as for lease accounting under GASB 87 as described above.



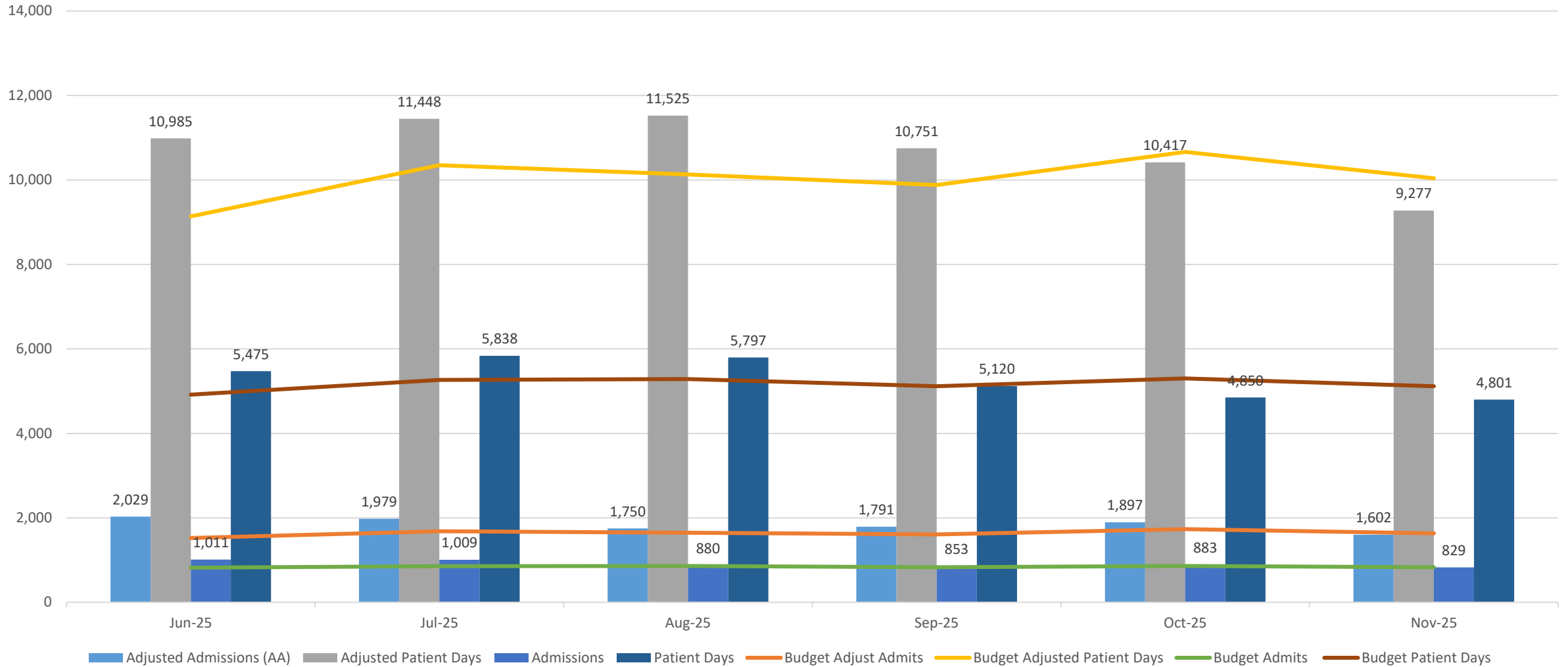
## **Board of Governors' Report**

Kern Medical – November 2025

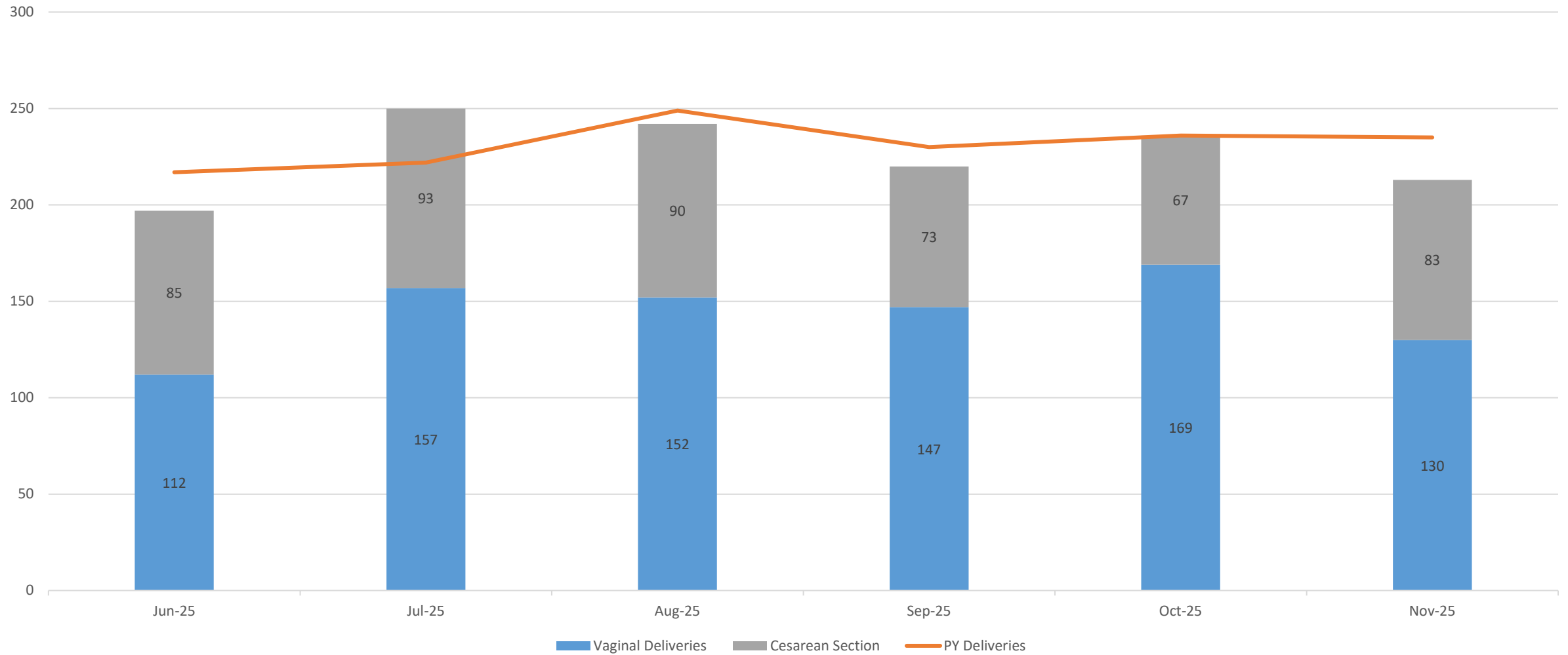
Census & ALOS



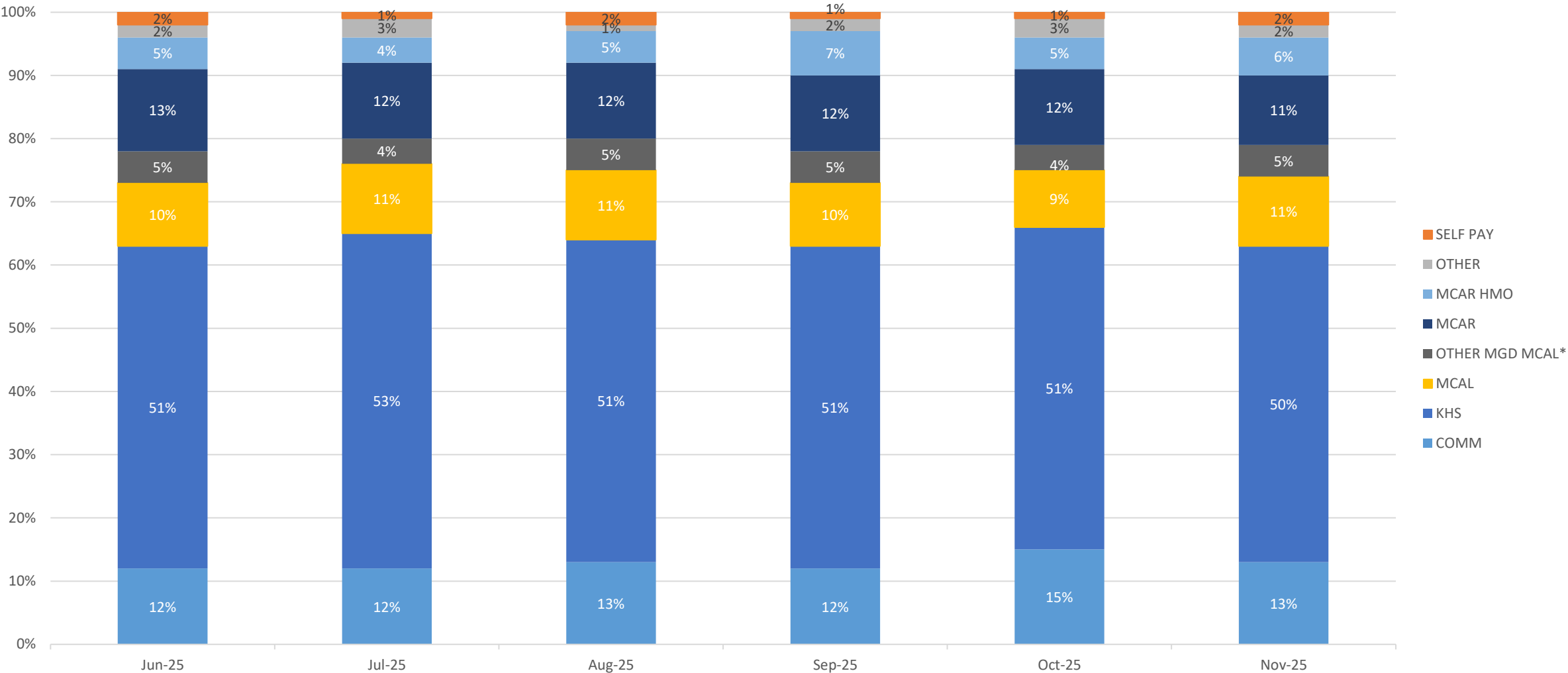
## Hospital Volumes



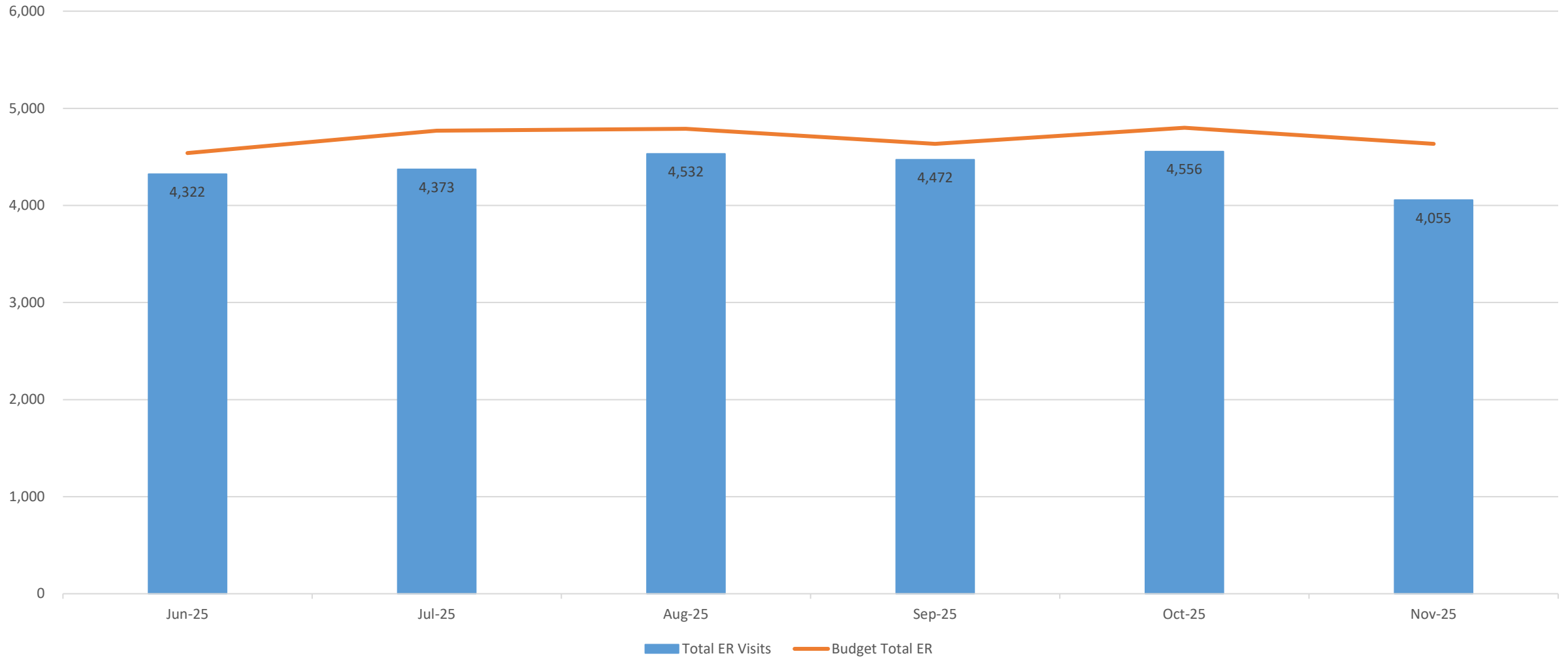
## Deliveries



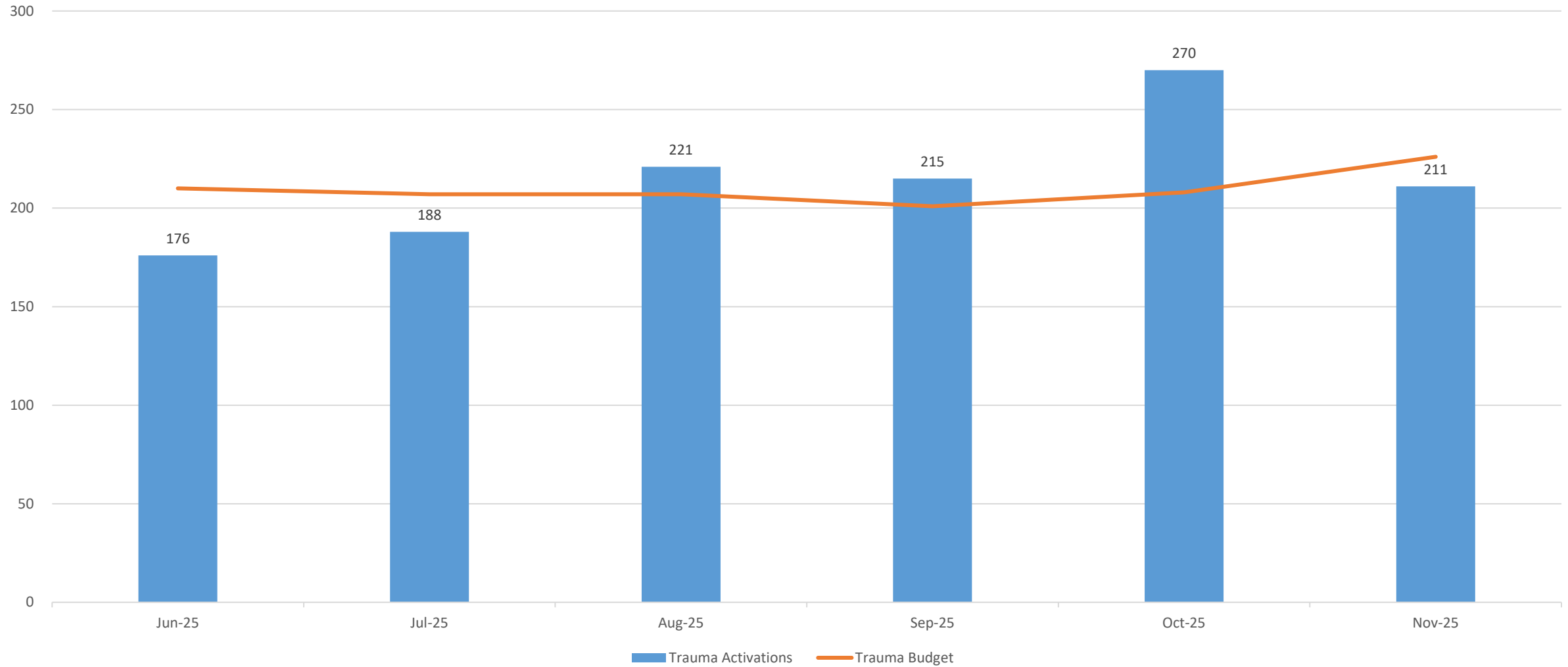
PAYER MIX



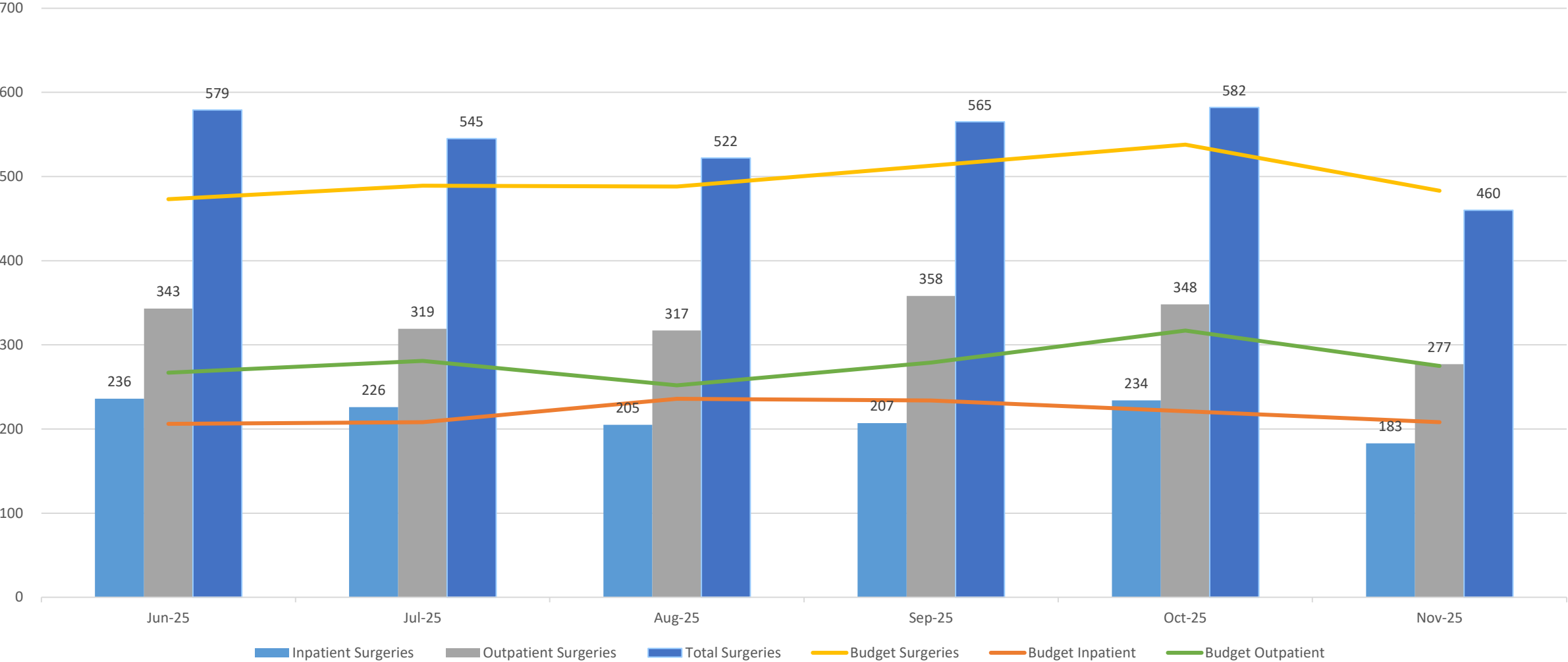
## Emergency Room Volume



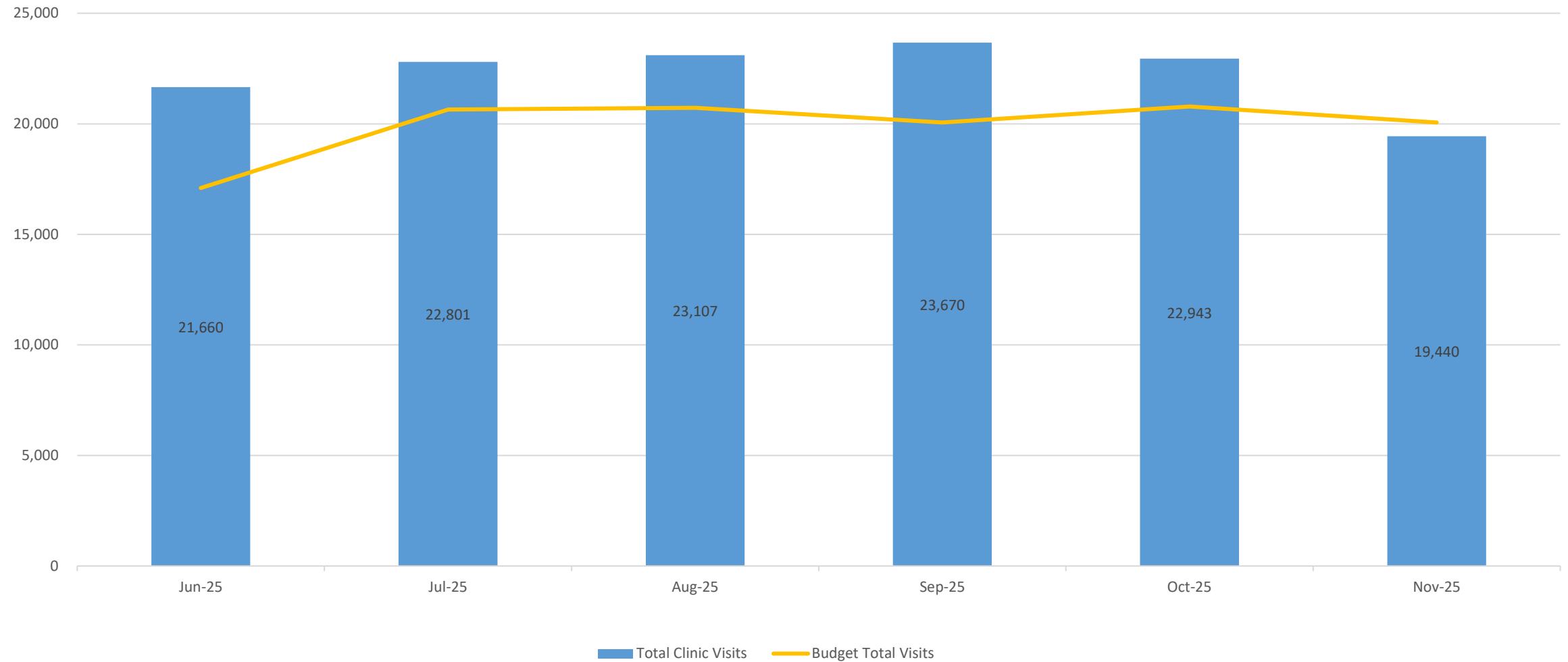
## Trauma Activations



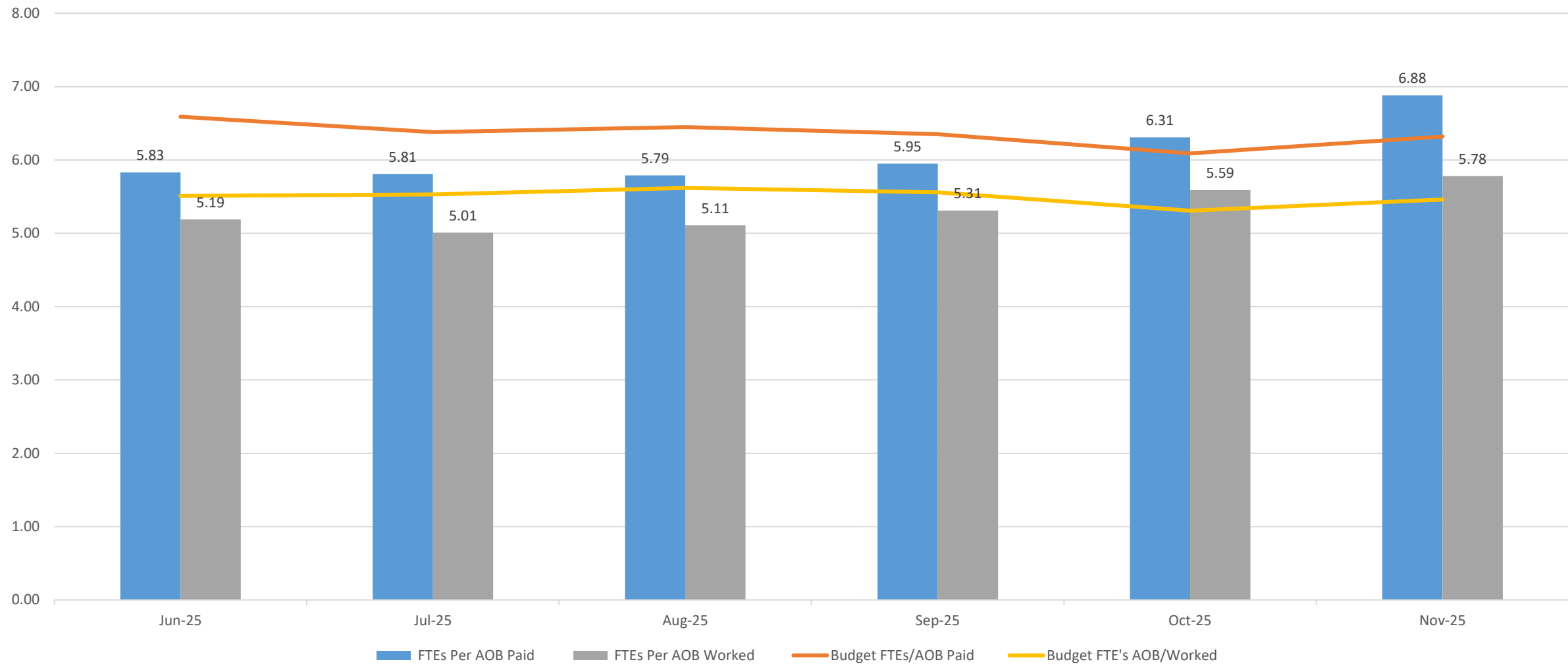
Surgical Volume



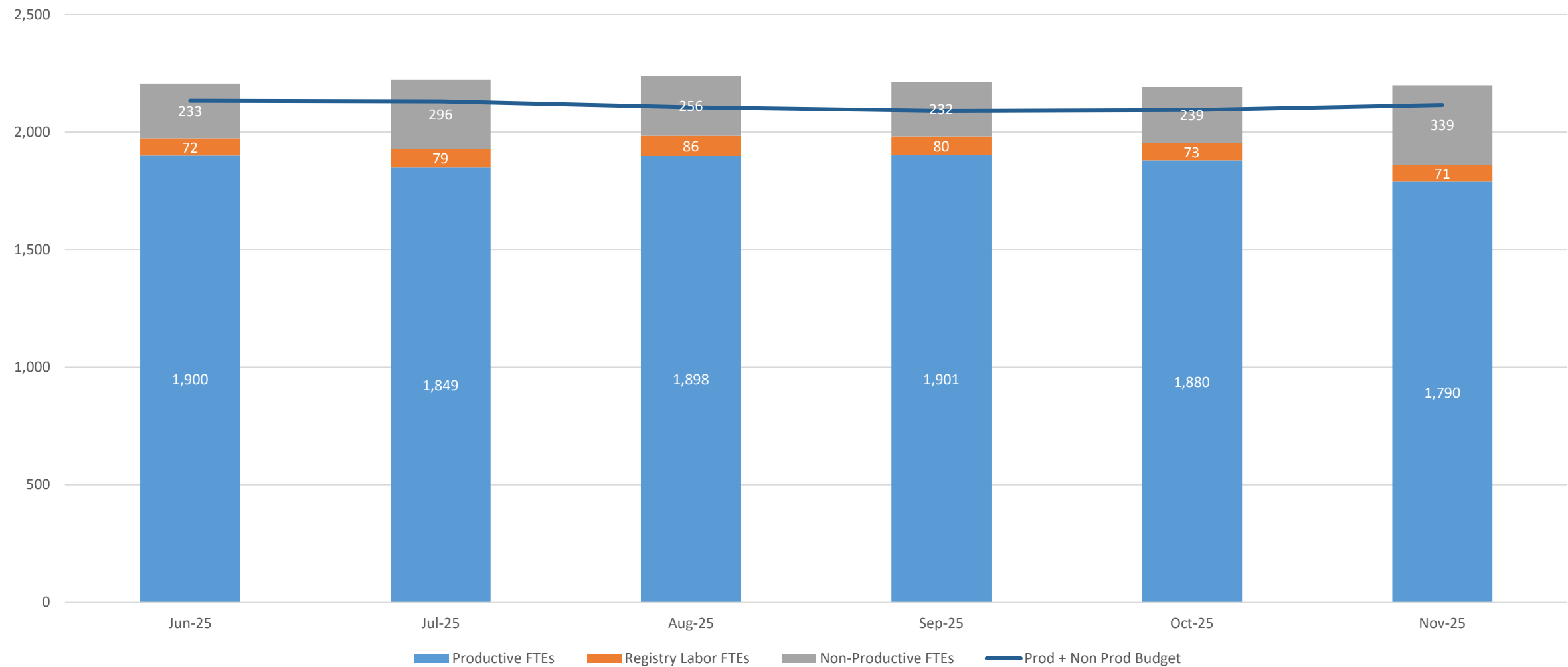
## Clinic Visits

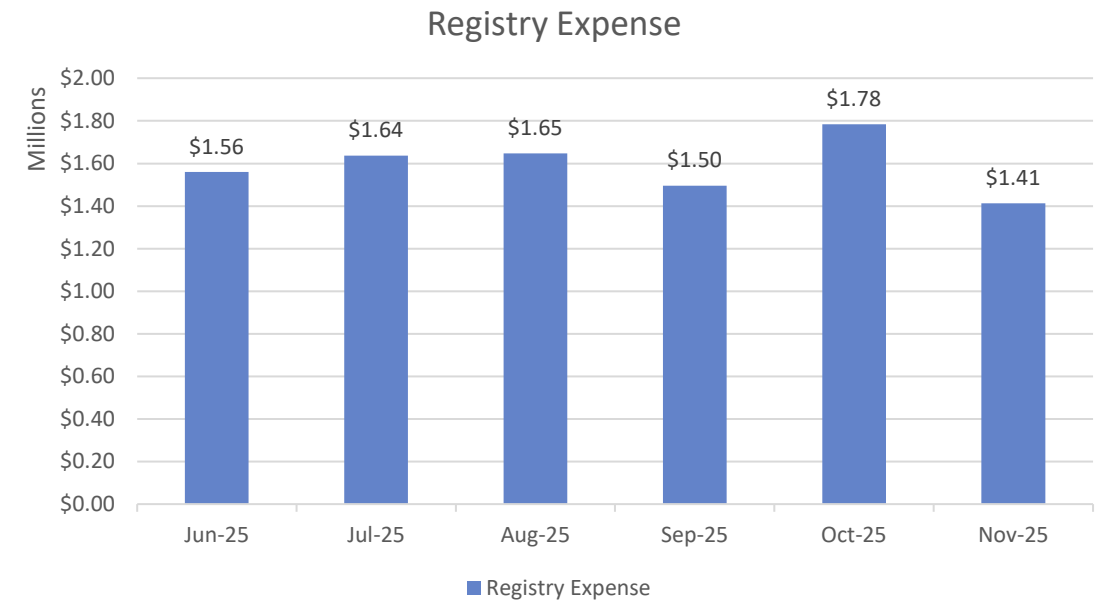
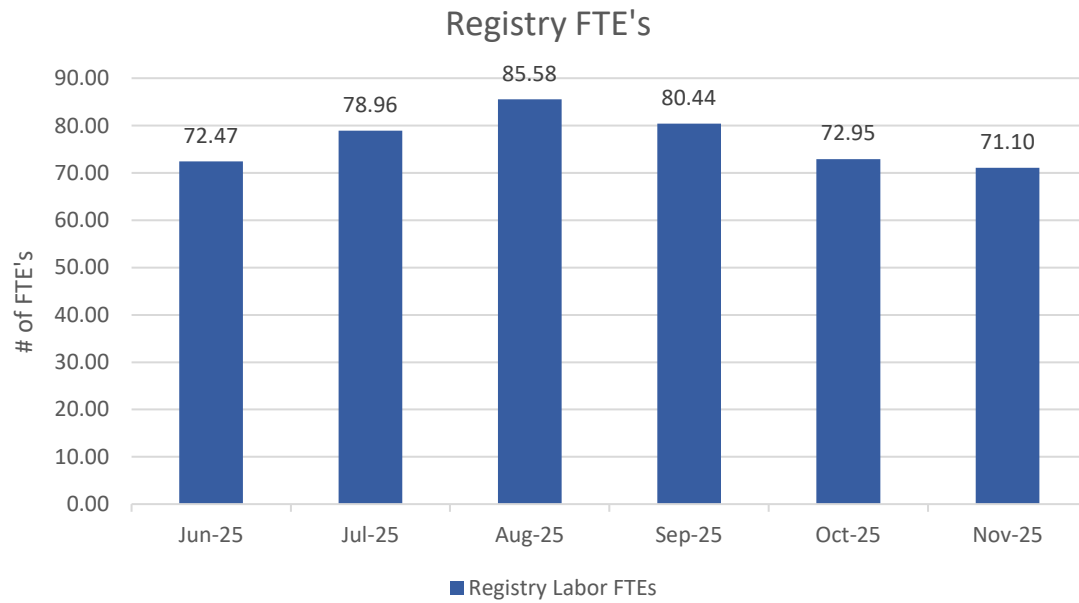


Labor Metrics

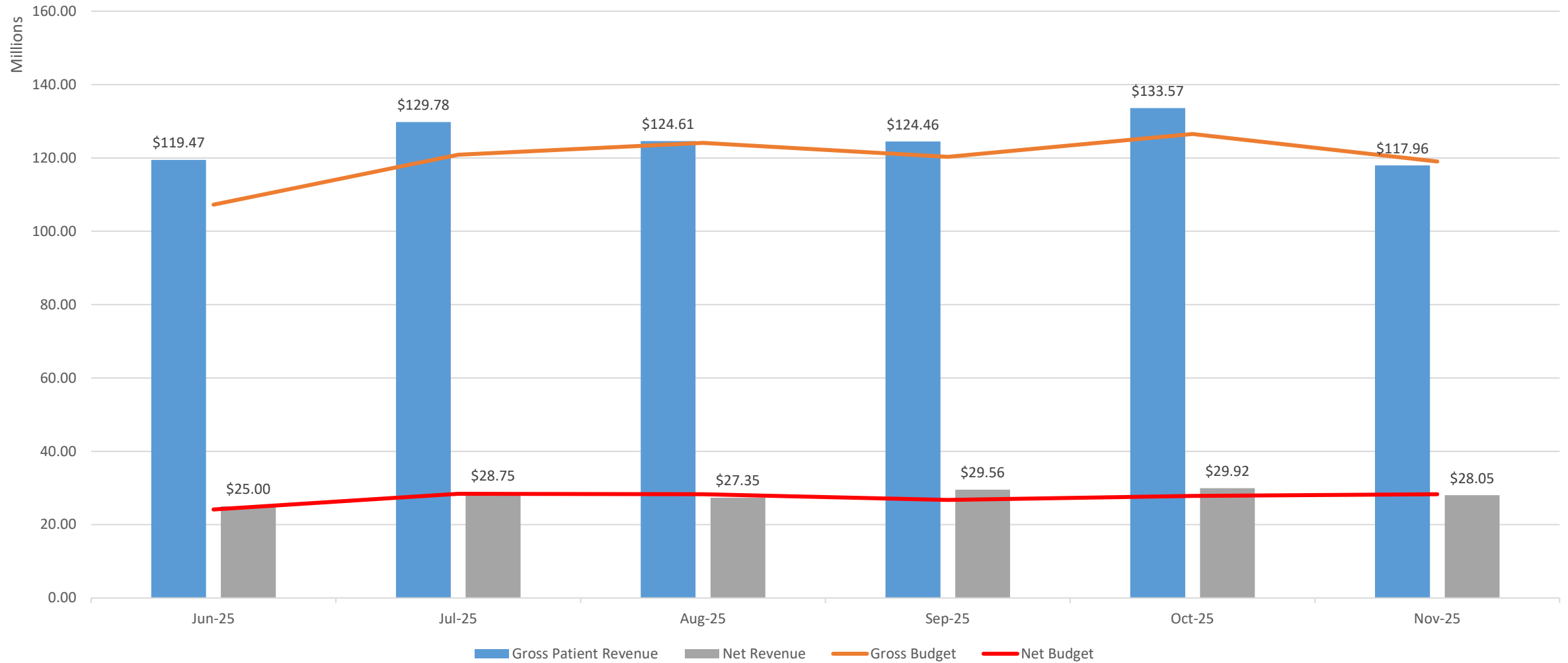


Productivity

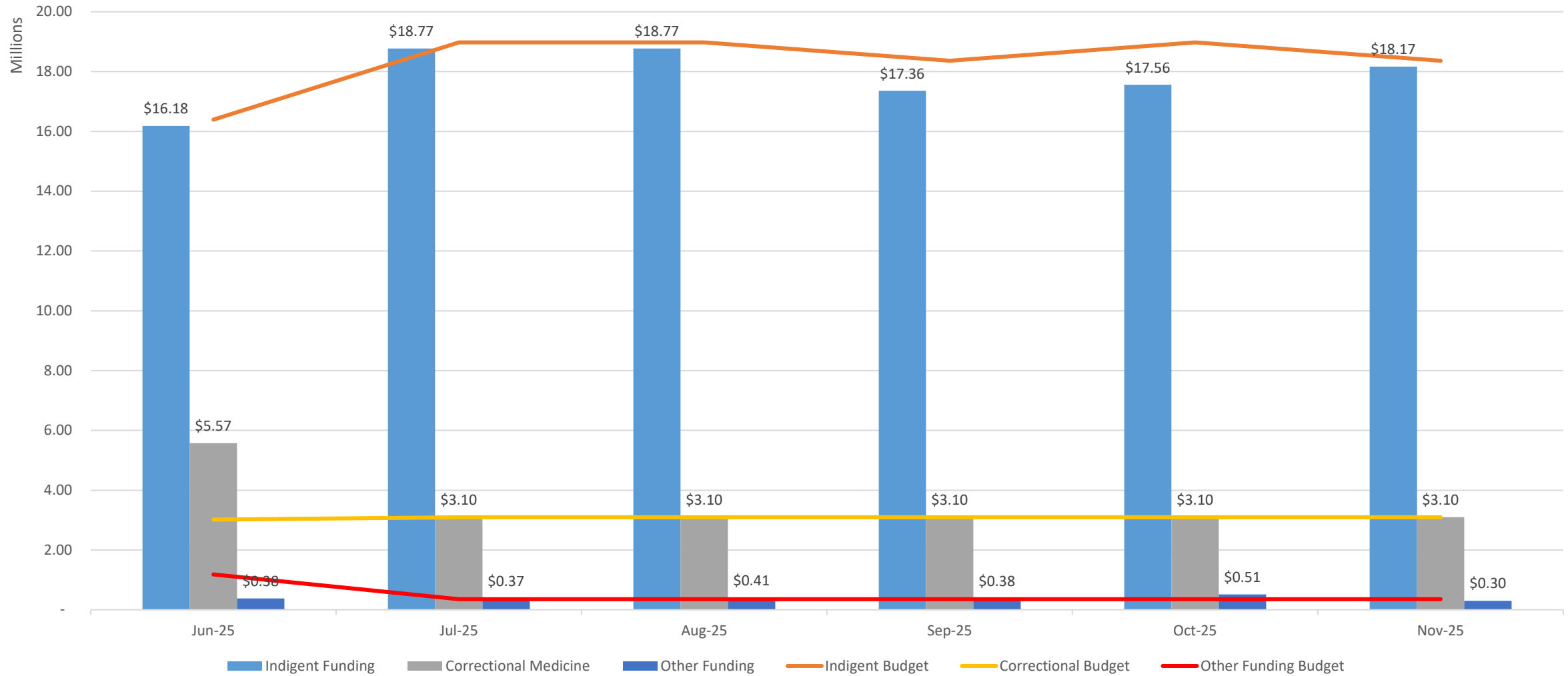


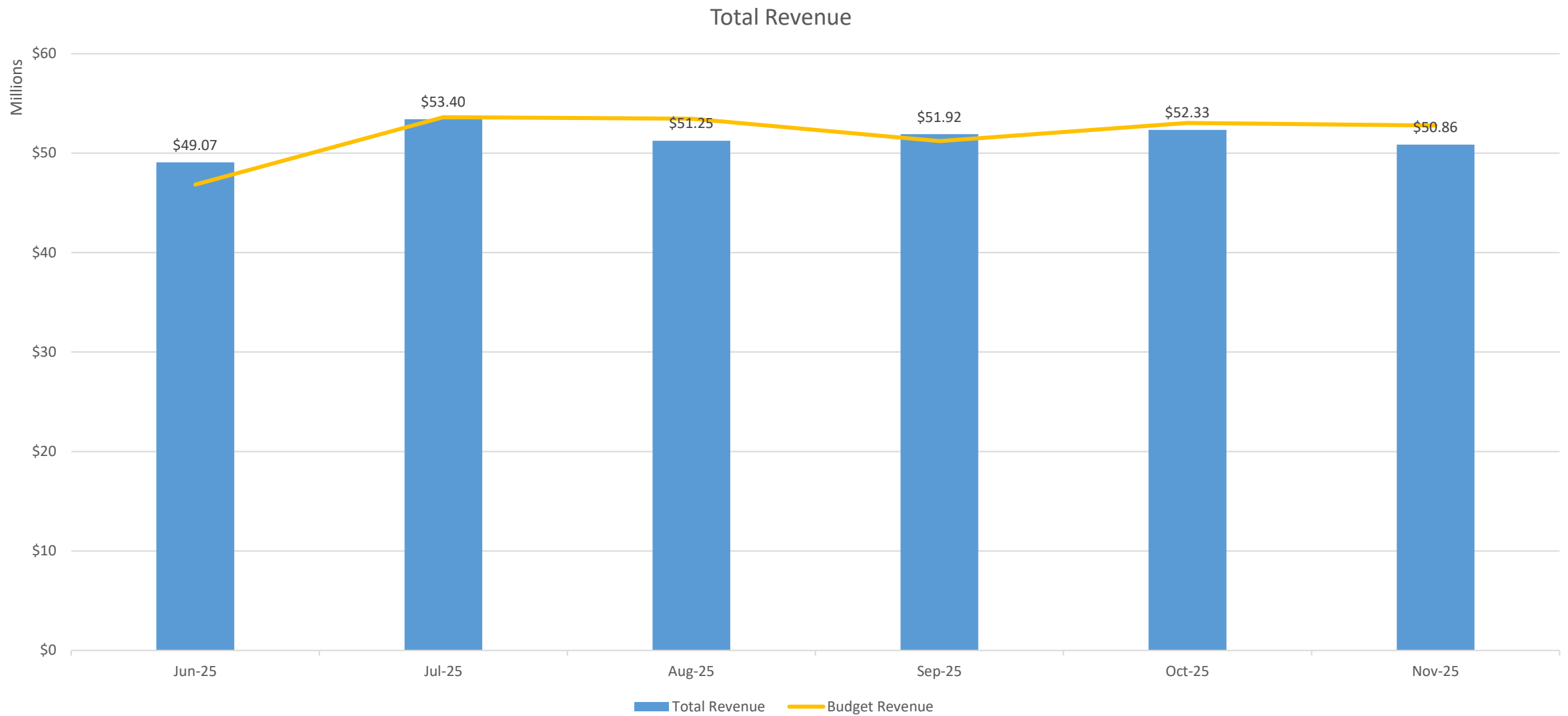


## Patient Revenue

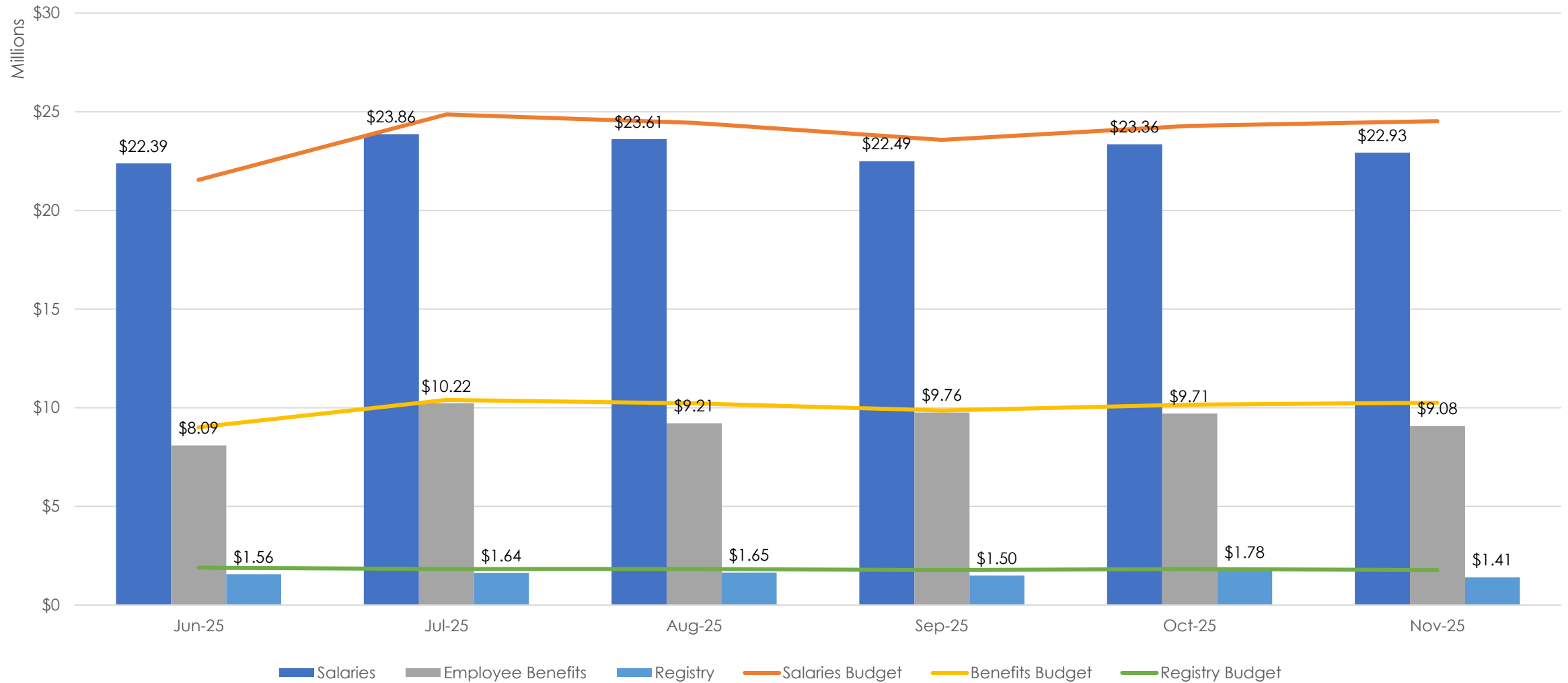


## Indigent & Correctional Revenue

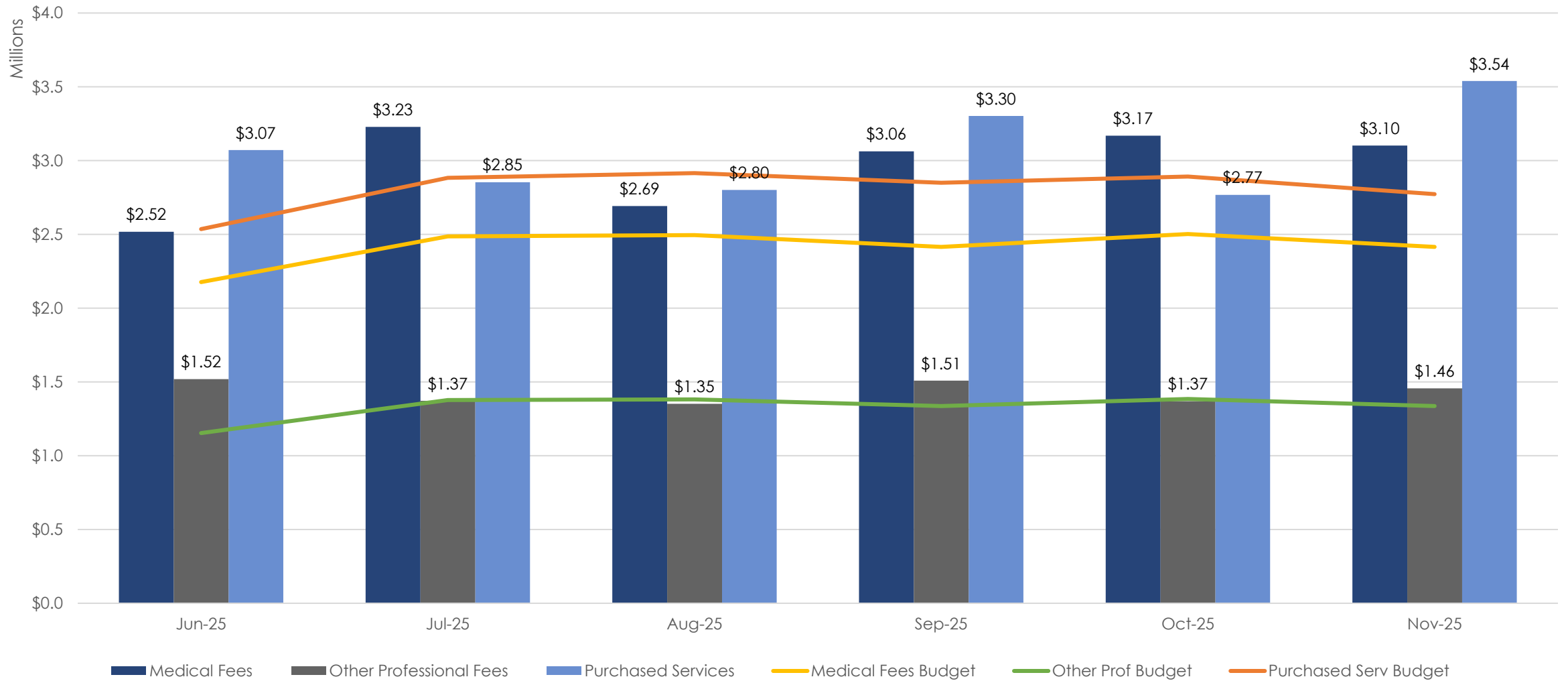




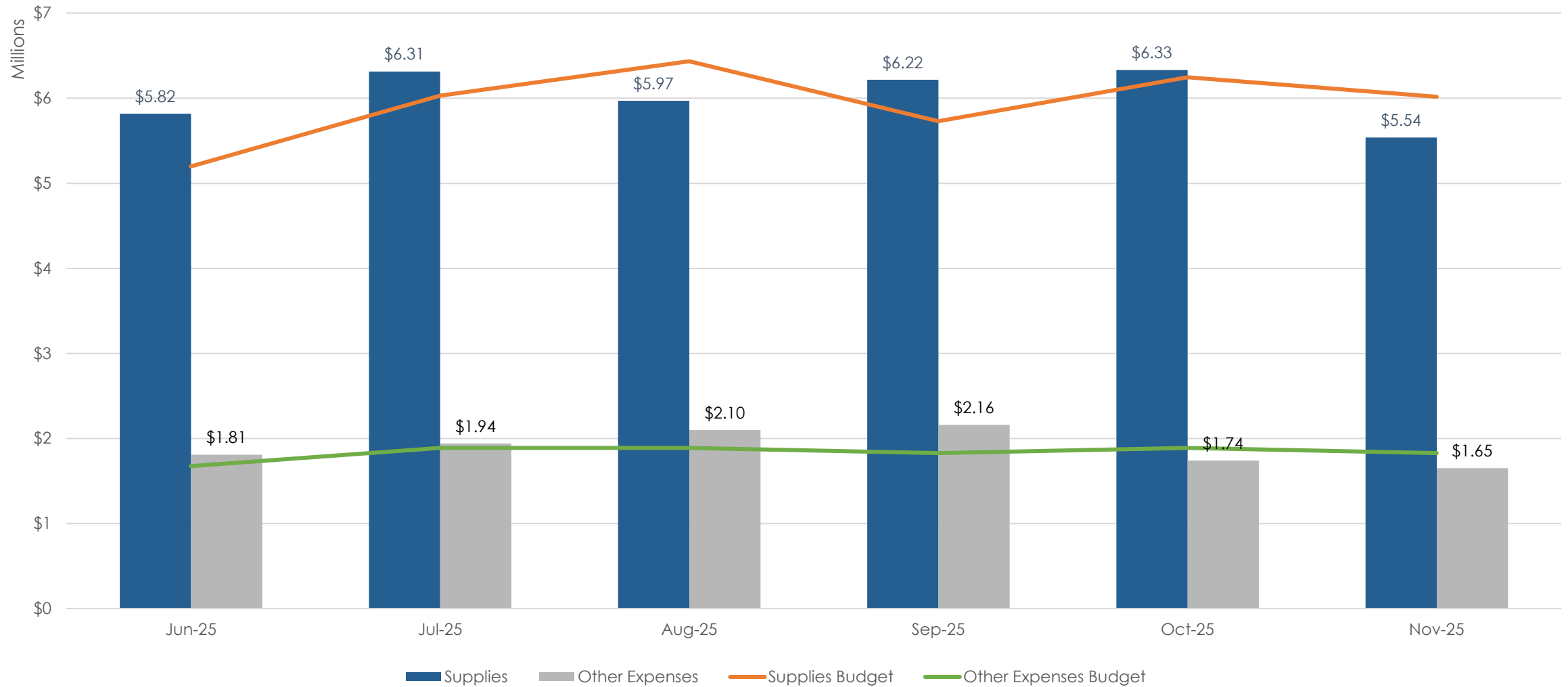
## Expenses



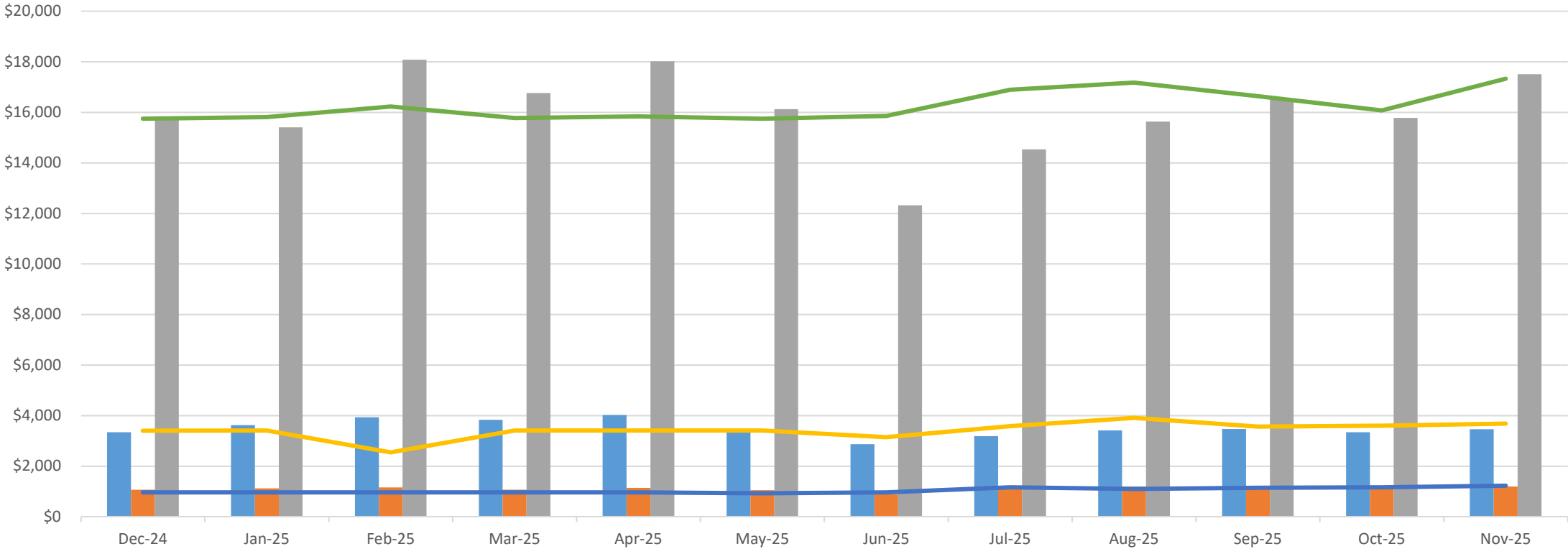
## Expenses



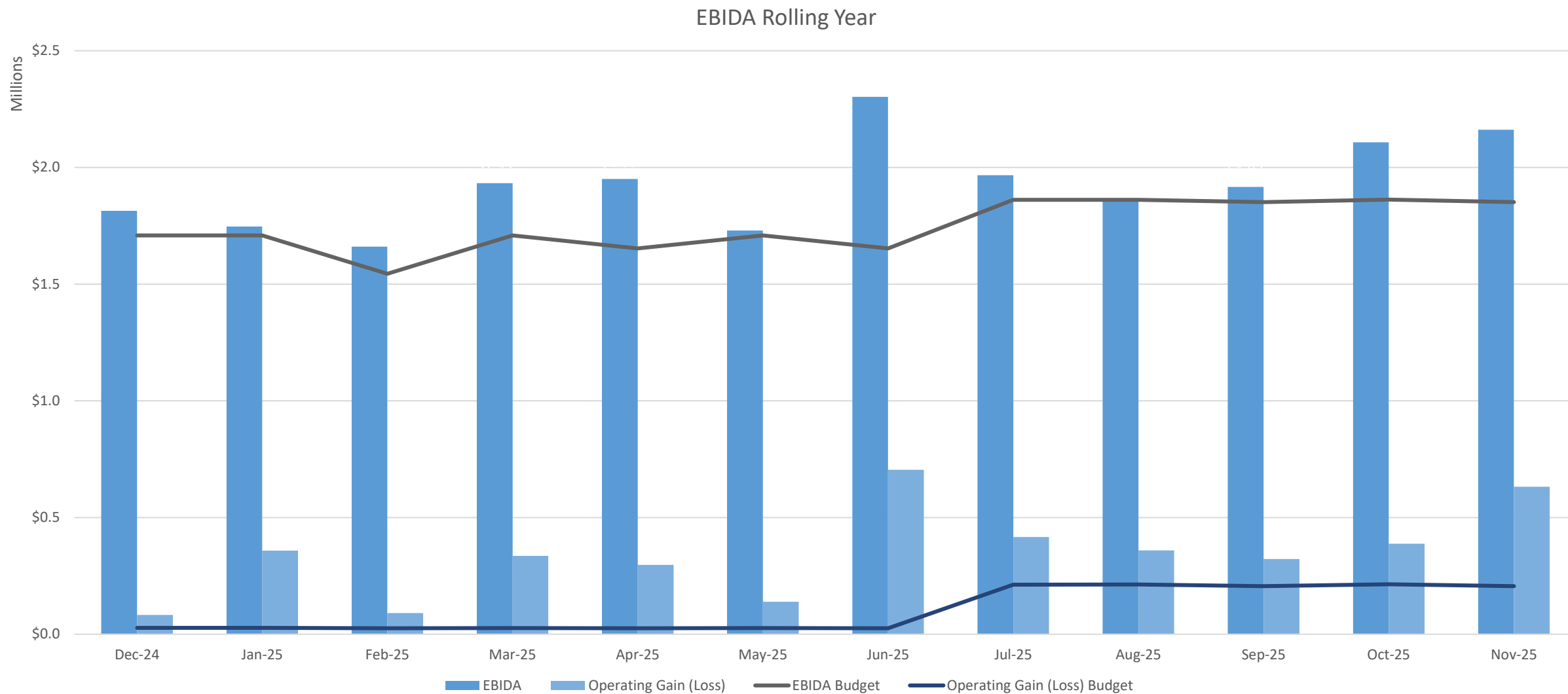
## Expenses



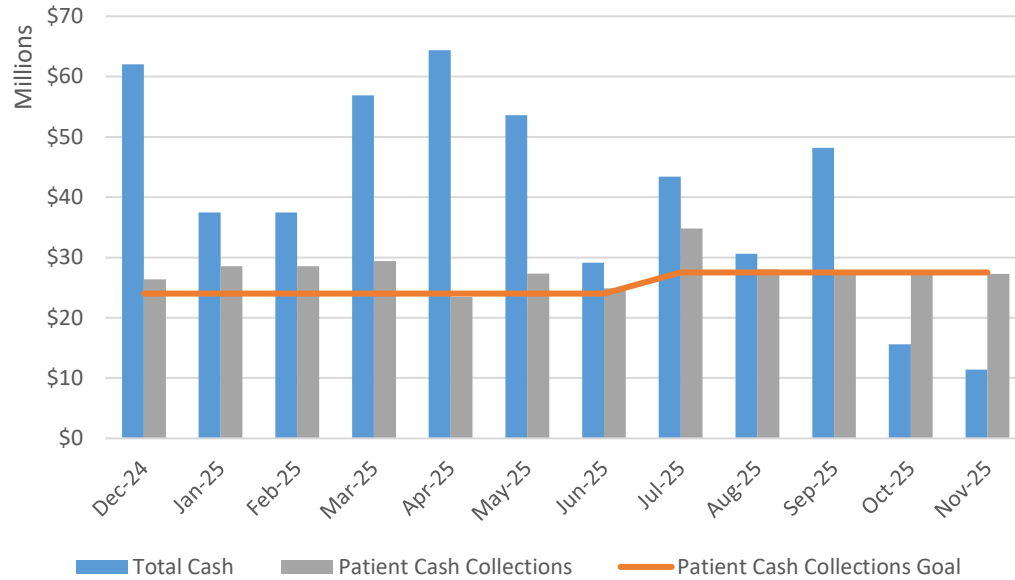
Operating Metrics



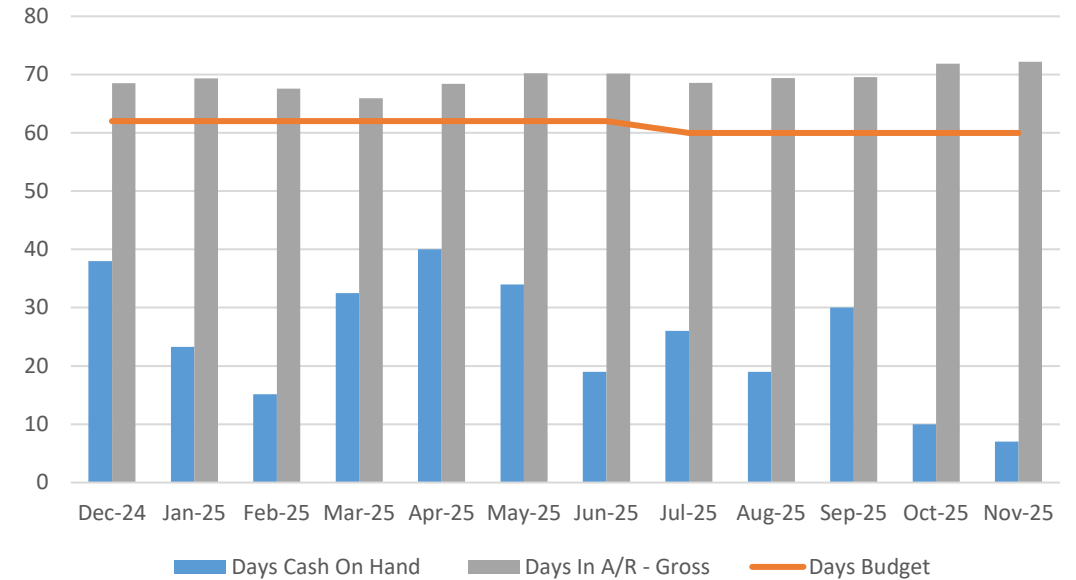
|                       | Dec-24   | Jan-25   | Feb-25   | Mar-25   | Apr-25   | May-25   | Jun-25   | Jul-25   | Aug-25   | Sep-25   | Oct-25   | Nov-25   |
|-----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Supply Expense per AA | \$3,339  | \$3,629  | \$3,933  | \$3,835  | \$4,028  | \$3,426  | \$2,868  | \$3,191  | \$3,412  | \$3,471  | \$3,338  | \$3,458  |
| Pharm Cost per AA     | \$1,070  | \$1,125  | \$1,161  | \$1,070  | \$1,142  | \$1,051  | \$883    | \$1,192  | \$1,199  | \$1,118  | \$1,140  | \$1,194  |
| Net Revenue Per AA    | \$15,768 | \$15,411 | \$18,087 | \$16,764 | \$18,019 | \$16,125 | \$12,325 | \$14,532 | \$15,633 | \$16,506 | \$15,778 | \$17,508 |
| Budget Supp/AA        | \$3,401  | \$3,407  | \$2,546  | \$3,410  | \$3,413  | \$3,408  | \$3,143  | \$3,583  | \$3,909  | \$3,567  | \$3,604  | \$3,686  |
| Budget Pharm/AA       | \$962    | \$964    | \$966    | \$965    | \$965    | \$930    | \$965    | \$1,160  | \$1,098  | \$1,142  | \$1,162  | \$1,228  |
| Budget Net Rev/AA     | \$15,748 | \$15,811 | \$16,229 | \$15,781 | \$15,841 | \$15,753 | \$15,862 | \$16,892 | \$17,181 | \$16,643 | \$16,073 | \$17,329 |



### Cash Rolling Year



### AR Days Rolling Year



**KERN MEDICAL**  
**3-Month Trend Analysis: Revenues & Expenses**  
November 30, 2025

|   |                |                |                | BUDGET         | VARIANCE  | PY             |
|---|----------------|----------------|----------------|----------------|-----------|----------------|
|   | SEPTEMBER      | OCTOBER        | NOVEMBER       | NOVEMBER       | POS (NEG) | NOVEMBER       |
| <b>Gross Patient Revenue</b>  | \$ 124,462,106 | \$ 133,573,836 | \$ 117,957,124 | \$ 119,007,948 | (0.9%)    | \$ 109,440,063 |
| Contractual Deductions  | (94,898,573)   | (103,649,026)  | (89,911,537)   | (90,713,830)   | (1%)      | (84,472,508)   |
| <b>Net Revenue</b>  | 29,563,534     | 29,924,811     | 28,045,587     | 28,294,118     | (1%)      | 24,967,555     |
| Indigent Funding  | 17,355,942     | 17,556,719     | 18,165,416     | 18,361,796     | (1%)      | 16,180,634     |
| Correctional Medicine   | 3,097,713      | 3,097,714      | 3,097,714      | 3,095,522      | 0.1%      | 3,130,417      |
| County Contribution   | 285,211        | 285,211        | 285,211        | 285,211        | (0%)      | 285,211        |
| Incentive Funding   | 93,941         | 227,651        | 18,320         | 70,043         | (74%)     | 122,868        |
| <b>Net Patient Revenue</b>  | 50,396,341     | 51,092,105     | 49,612,248     | 50,106,690     | (1%)      | 44,686,684     |
| Other Operating Revenue   | 1,496,682      | 1,214,107      | 1,236,097      | 2,657,654      | (53%)     | 4,076,974      |
| Other Non-Operating Revenue   | 24,766         | 25,042         | 16,501         | 11,730         | 41%       | 11,636         |
| <b>Total Revenues</b>   | 51,917,788     | 52,331,253     | 50,864,846     | 52,776,073     | (4%)      | 48,775,294     |
| <b>Expenses</b>   |                |                |                |                |           |                |
| Salaries  | 22,494,669     | 23,357,235     | 22,926,500     | 24,526,974     | (7%)      | 21,925,800     |
| Employee Benefits   | 9,759,894      | 9,705,486      | 9,077,232      | 10,257,181     | (12%)     | 9,028,772      |
| Registry  | 1,495,347      | 1,784,612      | 1,412,551      | 1,767,809      | (20%)     | 1,862,751      |
| Medical Fees  | 3,063,042      | 3,168,861      | 3,101,977      | 2,415,389      | 28%       | 2,390,988      |
| Other Professional Fees   | 1,508,403      | 1,369,689      | 1,456,563      | 1,337,169      | 9%        | 1,345,411      |
| Supplies  | 6,216,285      | 6,331,649      | 5,538,741      | 6,017,826      | (8%)      | 5,607,705      |
| Purchased Services  | 3,302,993      | 2,767,273      | 3,539,365      | 2,773,535      | 28%       | 2,891,077      |
| Other Expenses  | 2,160,560      | 1,739,158      | 1,650,679      | 1,829,119      | (10%)     | 1,800,582      |
| Operating Expenses  | 50,001,194     | 50,223,963     | 48,703,608     | 50,925,002     | (4%)      | 46,853,086     |
| Earnings Before Interest, Depreciation,<br>and Amortization (EBIDA) | \$ 1,916,595   | \$ 2,107,290   | \$ 2,161,238   | \$ 1,851,072   | 16.8%     | \$ 1,922,208   |
| EBIDA Margin  | 4%             | 4%             | 4%             | 4%             | 21%       | 4%             |
| Interest  | 302,667        | 259,455        | 288,247        | 335,744        | (14%)     | 387,618        |
| Depreciation  | 695,832        | 790,148        | 595,099        | 657,304        | (9%)      | 720,181        |
| Amortization  | 595,855        | 670,510        | 646,295        | 652,001        | (1%)      | 591,194        |
| Total Expenses  | 51,595,548     | 51,944,076     | 50,233,249     | 52,570,051     | (4%)      | 48,552,079     |
| <b>Operating Gain (Loss)</b>  | \$ 322,240     | \$ 387,177     | \$ 631,597     | \$ 206,023     | 207%      | \$ 223,215     |
| <b>Operating Margin</b>   | 0.62%          | 0.74%          | 1.24%          | 0.39%          | 218.1%    | 0.5%           |

**KERN MEDICAL**  
**Year to Date Analysis: Revenues & Expenses**  
November 30, 2025

|   | ACTUAL         | BUDGET         | VARIANCE  | PY             | PY VARIANCE |
|---|----------------|----------------|-----------|----------------|-------------|
|   | FYTD           | FYTD           | POS (NEG) | FYTD           | POS (NEG)   |
| <b>Gross Patient Revenue</b>  | \$ 630,385,331 | \$ 610,767,376 | 3%        | \$ 578,544,003 | 9%          |
| Contractual Deductions  | (486,747,420)  | (471,173,881)  | 3%        | (454,921,431)  | 7%          |
| <b>Net Revenue</b>  | 143,637,911    | 139,593,496    | 3%        | 123,622,572    | 16%         |
| Indigent Funding  | 90,619,936     | 93,645,161     | (3%)      | 91,899,776     | (1%)        |
| Correctional Medicine   | 15,488,567     | 15,477,611     | 0%        | 15,488,568     | (0%)        |
| County Contribution   | 1,426,055      | 1,426,055      | (0%)      | 1,426,055      | 0%          |
| Incentive Funding   | 549,120        | 357,219        | 54%       | 325,199        | 69%         |
| <b>Net Patient Revenue</b>  | 251,721,589    | 250,499,541    | 0%        | 232,762,169    | 8%          |
| Other Operating Revenue   | 7,925,200      | 13,554,033     | (42%)     | 13,712,162     | (42.20%)    |
| Other Non-Operating Revenue   | 118,253        | 59,804         | 98%       | 62,345         | 90%         |
| <b>Total Revenues</b>   | 259,765,042    | 264,113,378    | (2%)      | 246,536,676    | 5%          |
| <b>Expenses</b>   |                |                |           |                |             |
| Salaries  | 116,257,915    | 121,686,798    | (4%)      | 108,858,434    | 7%          |
| Employee Benefits   | 47,974,091     | 50,889,419     | (6%)      | 46,293,301     | 4%          |
| Registry  | 7,977,699      | 9,015,855      | (12%)     | 10,092,927     | (21%)       |
| Medical Fees  | 15,255,081     | 12,314,751     | 24%       | 11,641,482     | 31%         |
| Other Professional Fees   | 7,058,648      | 6,817,828      | 4%        | 7,158,514      | (1.4%)      |
| Supplies  | 30,370,302     | 30,459,090     | (0%)      | 27,807,802     | 9%          |
| Purchased Services  | 15,264,812     | 14,314,322     | 7%        | 14,903,089     | 2%          |
| Other Expenses  | 9,590,222      | 9,328,508      | 3%        | 9,524,339      | 1%          |
| Operating Expenses  | 249,748,770    | 254,826,570    | (2%)      | 236,279,889    | 6%          |
| Earnings Before Interest, Depreciation,<br>and Amortization (EBIDA) | \$ 10,016,272  | \$ 9,286,808   | 8%        | \$ 10,256,787  | (2.3%)      |
| EBIDA Margin  | 4%             | 4%             | 10%       | 4%             | (7%)        |
| Interest  | 1,346,478      | 1,690,041      | (20%)     | 1,789,909      | (25%)       |
| Depreciation  | 3,449,407      | 3,286,518      | 5%        | 3,530,685      | (2%)        |
| Amortization  | 3,104,372      | 3,260,007      | (5%)      | 3,135,507      | (1%)        |
| Total Expenses  | 257,649,027    | 263,063,137    | (2%)      | 244,735,990    | 5%          |
| <b>Operating Gain (Loss)</b>  | \$ 2,116,015   | \$ 1,050,241   | 101%      | \$ 1,800,686   | 18%         |
| <b>Operating Margin</b>   | 0.8%           | 0.4%           | 104.9%    | 0.7%           | 12%         |

# KERN MEDICAL BALANCE SHEET

|   | NOVEMBER 2025         | NOVEMBER 2024         |
|---|-----------------------|-----------------------|
| <b>ASSETS:</b>                                      |                       |                       |
| <b><i>Total Cash</i></b>                            | <b>\$ 11,394,798</b>  | <b>\$ 32,199,187</b>  |
| Patient Receivables Subtotal                        | 321,150,214           | 268,598,329           |
| Contractual Subtotal                                | (279,597,239)         | (229,625,250)         |
| <b><i>Net Patient Receivable</i></b>                | <b>41,552,975</b>     | <b>38,973,080</b>     |
| Total Indigent Receivable                           | 277,434,769           | 267,931,347           |
| Total Other Receivable                              | 19,517,779            | 21,159,403            |
| Total Prepaid Expenses                              | 6,263,159             | 6,401,279             |
| Total Inventory                                     | 5,022,095             | 4,740,634             |
| <b><i>Total Current Assets</i></b>                  | <b>361,185,574</b>    | <b>371,404,930</b>    |
| Deferred Outflows of Resources                      | 124,532,718           | 112,536,013           |
| Total Land, Equipment, Buildings and Intangibles    | 276,712,007           | 269,977,489           |
| Total Construction in Progress                      | 17,363,307            | 11,208,759            |
| <b><i>Total Property, Plant &amp; Equipment</i></b> | <b>294,075,315</b>    | <b>281,186,249</b>    |
| Total Accumulated Depr & Amortization               | (188,051,037)         | (174,663,050)         |
| <b><i>Net Property, Plant, and Equipment</i></b>    | <b>106,024,278</b>    | <b>106,523,199</b>    |
| <b><i>Total Long Term Assets</i></b>                | <b>124,532,718</b>    | <b>112,536,013</b>    |
| <b><i>Total Assets</i></b>                          | <b>\$ 591,742,570</b> | <b>\$ 590,464,142</b> |

# **KERN MEDICAL BALANCE SHEET**

|  | NOVEMBER 2025         | NOVEMBER 2024         |
|--|-----------------------|-----------------------|
| <b>LIABILITIES &amp; EQUITY:</b>                 |                       |                       |
| Total Accounts Payable                           | \$ 10,356,025         | \$ 6,917,331          |
| Total Accrued Compensation                       | 33,667,759            | 27,113,902            |
| Total Due Government Agencies                    | (455,292)             | 4,383,591             |
| Total Other Accrued Liabilities                  | 44,679,629            | 56,632,994            |
| <b><i>Total Current Liabilities</i></b>          | <b>88,248,123</b>     | <b>95,047,818</b>     |
| Unfunded Pension Liability                       | 344,447,058           | 345,399,109           |
| Other Long-Term Liabilities                      | 80,577,243            | 80,539,301            |
| <b><i>Total Long-Term Liabilities</i></b>        | <b>425,024,301</b>    | <b>425,938,410</b>    |
| <b><i>Total Liabilities</i></b>                  | <b>513,272,424</b>    | <b>520,986,228</b>    |
| <b><i>Total Net Position</i></b>                 | <b>78,470,146</b>     | <b>69,477,914</b>     |
| <b><i>Total Liabilities and Net Position</i></b> | <b>\$ 591,742,570</b> | <b>\$ 590,464,142</b> |

**KERN MEDICAL  
STATEMENT OF CASH FLOWS**

|   | Fiscal Year-to-Date<br>November 2025 | Fiscal Year-End<br>June 2025 | Fiscal Year-to-Date<br>November 2024 | Fiscal Year-End<br>June 2024 |
|---|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                      |                              |                                      |                              |
| Cash received for patient/current services                      | \$ 142,582,036                       | \$ 314,552,945               | \$ 132,523,383                       | \$ 293,523,533               |
| Cash received for other operations                              | 73,757,267                           | 260,727,035                  | 67,621,164                           | 233,602,712                  |
| Cash paid for salaries and benefits                             | (158,626,384)                        | (377,869,782)                | (150,237,976)                        | (339,411,493)                |
| Cash paid for services and supplies                             | (71,124,462)                         | (202,668,841)                | (84,107,221)                         | (186,981,598)                |
| Net cash (used in) provided by operating activities             | (13,411,544)                         | (5,258,643)                  | (34,200,650)                         | 733,154                      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                                      |                              |                                      |                              |
| Cash (provided to) received from various County funds           | -                                    | -                            | -                                    | -                            |
| Interest paid - pension obligation bond                         | -                                    | 256,677                      | -                                    | 420,331                      |
| Principal paid - pension obligation bond                        | -                                    | (1,058,183)                  | -                                    | (1,062,281)                  |
| Interest paid - line of credit                                  | -                                    | -                            | -                                    | -                            |
| Line of credit payment  | -                                    | -                            | 20,000,000                           | -                            |
| Net cash provided by (used in) noncapital financing activities  | -                                    | (801,506)                    | 20,000,000                           | (641,950)                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                                      |                              |                                      |                              |
| Acquisition or construction of capital assets                   | (4,733,066)                          | (11,508,871)                 | (3,327,384)                          | (18,896,864)                 |
| Payments on right-of-usage lease liability                      | 749,588                              | (2,850,043)                  | (1,246,892)                          | 3,896,089                    |
| Interest paid - right-of-usage lease liability                  | 2,844                                | (7,976)                      | (3,744)                              | 31,211                       |
| Payments on SBITA liability                                     | (325,069)                            | (762,463)                    | (314,688)                            | (752,150)                    |
| Interest paid - SBITA   | (231)                                | (580)                        | (262)                                | 2,013                        |
| Net cash used by capital and related financing activities       | (4,305,935)                          | (15,129,933)                 | (4,892,970)                          | (15,719,700)                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                      |                              |                                      |                              |
| Interest on bank deposits and investments                       | -                                    | -                            | -                                    | -                            |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>     | (17,717,479)                         | (21,190,081)                 | (19,093,620)                         | (15,628,497)                 |
| CASH AND CASH EQUIVALENTS, beginning of year                    | 29,112,277                           | 50,302,358                   | 51,292,807                           | 66,921,303                   |
| CASH AND CASH EQUIVALENTS, year-to-date                         | \$ 11,394,798                        | \$ 29,112,277                | \$ 32,199,187                        | \$ 51,292,807                |



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

January 21, 2026

**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.



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

January 21, 2026

**Subject:** Monthly report on What's Happening at Kern Medical Center

**Recommended Action:** Receive and File

**Summary:**

Each month Kern Medical will be sharing a report with your Board on "What's Happening" in and around Kern Medical.

Therefore, it is recommended that your Board receive and file the attached report on What's Happening at Kern Medical.



*What's Happening?*



# Outlawz Toy Drive benefiting Kern Medical pediatrics and NICU



OUTLAWZ CAR CLUB'S  
**18TH ANNUAL  
TOY DRIVE & CAR SHOW**

PRESENTING SPONSORS:  
**CALIFORNIA TRUCK**  
BAKERSFIELD  
**Motor City**  
BUICK GMC  
LEXUS  
**MOTOR CITY**  
LEXUS  
of Extended

100% of proceeds benefiting:  
**KernMedical**  
Health for Life.

DECEMBER 6, 2025  
10:00AM - 2:00PM

California Truck  
8000 Wilbur Road, Bakersfield, CA 93311

For Questions, Please Jeff Hill: (805) 477-2055

*Make this holiday season brighter!*

Mark your calendars for our annual event where **100% of proceeds** are donated to Kern Medical Pediatrics, featuring a toy drive, car show, food trucks, vendors, pictures with Santa and more!

Scan for Car Registration!  HOSTED BY:  Scan for Sponsorship & Donation Opportunities! 

PROUD SPONSORS:    

# Annual Pediatric Patients' Holiday Celebration

Join Us For



*cookies & punch*  
with SANTA

Enjoy cookies & punch, get a free toy, and take a photo with Santa!  
WHILE SUPPLIES LAST

Friday, December 12<sup>th</sup>  
3 pm - 5 pm

*Columbus Pediatrics  
1111 Columbus Street  
Bakersfield, CA 93305*



# Dr. Chen's Music Program



Kern Medical's Dr. Chen is continuing his music program, inviting area groups in to perform in our hospital for patients and visitors. These are photos from a performance in the main entrance of the hospital.

# Blood Drive

*blood drive*



**TUESDAY, JANUARY 6 • 10:00 AM -3:00 PM**

**KERN MEDICAL**

1700 MT VERNON AVENUE • BAKERSFIELD, CA 93306

TO MAKE AN APPOINTMENT, SCAN THE CODE TO THE RIGHT WITH YOUR  
PHONE'S CAMERA OR VISIT [HCBB.COM/SCHEDULE](https://hcbb.com/schedule)

*when you give, people live*

**HOUCHIN**   
COMMUNITY BLOOD BANK

# December Podcast

## NEW PODCAST EPISODE

Search "Kern Medical - Health for Life"

*EPISODE 12 - Understanding RSV w/ Dr. Ranjani Panithi*



Apple



Spotify



# National Recognitions - November

- National Hospice and Palliative Care Month
- National Diabetes Month
- Lung Cancer Awareness Month
- Pancreatic Cancer Awareness Month
- November 1-7: Medical-Surgical Nurses Week
- November 5-11: National Radiologic Technologist Week
- November 2-8: National Medical Staff Services Awareness Week
- November 9-15: National Nurse Practitioner Week
- November 10-14: Perioperative Nurse Week

# National Recognitions - December

- HIV/AIDS Awareness Month
- December 1-7: National Hand Washing Awareness Month
- December 4-8: National Influenza Vaccination Week

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

(Government Code Section 54957.7)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on January 21, 2026, 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 facilities (Health and Safety Code Section 101855(j)(2)) –

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

(Government Code Section 54957.7)

The Board of Governors will hold a closed session on January 21, 2026, to consider:

  X   CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) –

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on January 21, 2026, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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