



## **AGENDA**

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

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

**Regular Meeting**  
Wednesday, February 18, 2026

11:30 A.M.

#### BOARD TO RECONVENE

Board Members: Anderson, Berjjs, 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

#### RECOGNITION

- 1) Presentation recognizing the memory of David Weinstein, M.D., Department of Psychiatry –  
RECEIVE AND FILE

PUBLIC PRESENTATIONS

- 2) 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

- 3) 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

- 4) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on January 21, 2026 –  
APPROVE

CA

- 5) Proposed Amendment No. 3 to Agreement 69022 with Wilbur Nelson Montana, D.O., an independent contractor, for professional medical services in the Department of Medicine for the period December 1, 2022 through February 28, 2026, extending the term for two years from March 1, 2026 through February 28, 2028, and increasing the maximum payable by \$1,800,000, from \$2,300,000 to \$4,100,000, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed Amendment No. 3 to Agreement 16523 with Yasser Ratl Mrad, M.D., a contract employee, for professional medical and administrative services in the Department of Obstetrics and Gynecology for the period March 16, 2023 through March 15, 2026, extending the term for three years from March 16, 2026 through March 15, 2029, and increasing the maximum payable by \$2,250,000, from \$2,250,000 to \$4,500,000, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Amendment No. 5 to Agreement 041-2023 with Tarun Rustagi, M.D., a contract employee, for professional medical services in the Department of Medicine for the period March 16, 2023 through March 15, 2026, extending the term for an additional period from March 16, 2026 through May 29, 2026, and increasing the maximum payable by \$400,000, from \$7,226,435 to \$7,626,435, to cover the initial term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Amendment No. 1 to Agreement No. 147-2025 with Sequoia Brain & Spine, Inc., an independent contractor, for professional medical services in the Department of Surgery, revising the term of the Agreement from May 1, 2026 through April 30, 2029 to April 15, 2026 through April 30, 2029 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Ordering Document CPQ-4034314 with Oracle America, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of professional services to design and deploy a custom Blood Bank CCL Tag modification, for a project term of 90 days, in an amount not to exceed \$7,531 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Ordering Document CPQ-4220419 with Oracle America, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of FetaLink Connectivity equipment and support, from February 18, 2026 to February 17, 2027, in an amount not to exceed \$16,841, plus applicable fees and taxes –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed retroactive First Amendment to the Agreement 037-2024 with Elevate Patient Financial Solutions, LLC, an independent contractor, revising the current fee schedule, with an estimated annual cost of \$384,000, effective February 1, 2026–  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed Quotation 000489722.3 with Getinge USA Sales, LLC, an independent contractor, containing nonstandard terms and conditions, for maintenance and repair services of the intra-aortic balloon pump from March 1, 2026 through February 28, 2031, in an amount not to exceed \$29,863 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 13) Proposed retroactive Agreement with Interim Diagnostic Imaging, LLC, an independent contractor, for a mobile MRI trailer from December 29, 2025 through July 27, 2026, in an amount not to exceed \$385,000 –  
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA

- 14) Proposed retroactive Change Order No. 8 to Agreement 034-2024 with McMurtrey Lince, Inc., an independent contractor, for design changes for HCAI approval of the Pediatric Emergency Department, increasing the maximum payable by \$163,914, from \$3,696,169 to \$3,860,083 –  
MAKE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE TOTAL CONTRACT PRICE

CA

- 15) Proposed retroactive Lease Agreement with RW Bakersfield LTD, an independent contractor, for clinic space at 9300 Stockdale Highway, Suite 200, Bakersfield, CA 93311 from January 1, 2026 through December 31, 2035, in an amount not to exceed \$5,290,050 – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA

- 16) Proposed retroactive Lease Agreement with RW Bakersfield LTD, an independent contractor, for clinic space at 9300 Stockdale Highway, Suite 300, Bakersfield, CA 93311 from January 1, 2026 through December 31, 2035, in an amount not to exceed \$2,508,500 – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA

- 17) Proposed Quote 230761188 with California Mobile Kitchens, an independent contractor, containing nonstandard terms and conditions, for temporary kitchen trailer units, effective February 18, 2026, through project completion, in an amount not exceed \$277,420 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE TOTAL CONTRACT PRICE

CA

- 18) Proposed Change Order No. 3 to Agreement 160-2024 with Nwestco, LLC, an independent contractor, for installation of an above ground fuel tank, increasing the maximum payable by \$7,408, from \$207,210, effective February 18, 2026 – MAKE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE TOTAL CONTRACT PRICE

CA

- 19) Proposed Amendment No. 2 to Master Services Agreement 053-2021A-D, with Stericycle, Inc., an independent contractor, adding 8500 Stockdale Highway, Suite 150 as a waste disposal location from February 18, 2026 through August 31, 2026, increasing the maximum payable by \$5,000, from \$1,692,000 to \$1,697,000, to cover the term – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 20) Proposed Master Services and Business Associate Agreements with RSM US LLP, an independent contractor, containing nonstandard terms and conditions, for virtual Chief Information Security Officer services, from February 18, 2026 through February 17, 2027, in an amount not to exceed \$203,250 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 21) Proposed Ordering Document CPQ-4243568 with Oracle America, Inc., an independent contractor, containing nonstandard terms and conditions, for equipment and support for FetaLink box components for Labor and Delivery, from February 18, 2026 through February 17, 2027, in an amount not to exceed \$1,474 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 22) Proposed Amendment No. 1 to Agreement 21323 with Healthware, Inc., an independent contractor, for web-based pharmacokinetic services for the period April 18, 2023 through April 17, 2026, extending the term three years from April 18, 2026 through April 17, 2029, and increasing the maximum payable by \$31,800, from \$9,900 to \$41,700, plus applicable fees and taxes, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

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

- 24) Proposed retroactive Subscription Agreement and Business Associate Agreement with Keona Health, Inc., an independent contractor, containing nonstandard terms and conditions, for implementation of a nurse triage platform and call center from February 3, 2026 through February 2, 2029, in an amount not to exceed \$182,000 –  
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

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

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

CA

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

CA

- 28) Claims and Lawsuits Filed as of January 31, 2026 –  
RECEIVE AND FILE

ADJOURN AS KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS; RECONVENE AS KERN MEDICAL SURGERY CENTER, LLC BOARD OF MANAGERS

- C-29) Kern Medical Surgery Center, LLC, Administrative Report –  
RECEIVE AND FILE

- C-30) Proposed Service Agreement with Paychex PEO Holdings, LLC, an independent contractor, containing nonstandard terms and conditions, for monthly payroll services, in an estimated monthly amount not to exceed of \$12,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 31) Proposed retroactive Quote 97-00088 with Olympus America Inc., an independent contractor, containing nonstandard terms and conditions, for maintenance and support of endoscopy software and equipment from January 8, 2026 through January 7, 2029, in an amount not to exceed \$46,671, plus applicable fees and taxes –  
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

ADJOURN AS KERN MEDICAL SURGERY CENTER, LLC, BOARD OF MANAGERS; RECONVENE AS KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 32) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 33) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 34) 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 –
- 35) 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) –
- 36) 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, MARCH 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

28) CLAIMS AND LAWSUITS FILED AS OF JANUARY 31, 2026 –  
RECEIVE AND FILE

A) Claim in the matter of Marilyn Myrene Durling

In MEMORIAM  
Dr. David Weinstein

It is with deep sorrow that we share the passing last month of Dr. David Weinstein. Dr. Weinstein served in the Department of Psychiatry as the Director of the UCLA-Kern Addiction Psychiatry fellowship. Dr. Weinstein joined Kern Medical in 2012 from Vanderbilt University Medical Center, one of the country's preeminent medical schools. First, let us remember Dr. Weinstein for his brilliance. He completed a bachelor of science at Loyola University of Chicago, graduated from the Loyola University of Chicago Stritch School of Medicine, and actually trained and practiced as a dermatologist before returning to training at Vanderbilt to become a psychiatrist. Dr. Weinstein held lifetime board certifications in internal medicine and dermatology, as well as board certifications in psychiatry and addiction psychiatry. More importantly though than his brilliance, Dr. Weinstein will be remembered for his kindness and deep commitment to his patients, staff and those in training. We extend our deepest condolences to his family, loved ones, and colleagues. Let us please take a moment of silence in honor of Dr. Weinstein.



## **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, January 21, 2026

11:30 A.M.

#### BOARD RECONVENED

Board Members: Anderson, Berjis, McLaughlin, Merz, Pelz, Pollard, Stout  
Roll Call: 5 Present; 2 Absent - Pollard, Stout

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!**

**ANTHONY BARBATO, FOUNDING PRINCIPAL, REDWOOD CARE SOLUTIONS, HEARD REGARDING PLACEMENT OF PATIENTS FROM KERN COUNTY FACILITIES FOR HOME HEALTH AND SENIOR LIVING SERVICES**

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 December 17, 2025 –  
APPROVED  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**
- 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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 001-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**
- 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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 002-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**
- 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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 003-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**
- 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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 004-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 005-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 006-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 –  
APPROVED  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 008-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 009-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 010-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

CA

- 14) Proposed retroactive First Amendment to Sales Order Form Q-130142 with Inovalon Provider, Inc., an independent contractor, for the provision of claims management services, in an amount not to exceed \$440,747, effective December 1, 2025 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 011-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 012-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 013-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 014-2026  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

CA

- 19) Proposed annual report on the structural performance of Kern Medical Center buildings in compliance with Health and Safety Code section 130066.5 – RECEIVED AND FILED  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

CA

- 20) Report on upcoming anticipated retroactive agreements – RECEIVED AND FILED  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

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 – KIMBERLY SOKOLOFF AND KRISTEN OLKO, BAKER TILLY US, LLP, HEARD; RECEIVED AND FILED; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS  
**Pelz-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

22)

- Kern County Hospital Authority Chief Financial Officer report – CHIEF FINANCIAL OFFICER ANDREW CANTU HEARD; RECEIVED AND FILED  
**Merz-Berjis: 5 Ayes; 2 Absent - Pollard, Stout**

- 23) Kern County Hospital Authority Chief Executive Officer report –  
CHIEF EXECUTIVE OFFICER SCOTT THYGERSON HEARD; RECEIVED AND FILED  
**Pelz-Anderson: 5 Ayes; 2 Absent - Pollard, Stout**

CA

- 24) Monthly report on What's Happening at Kern Medical Center –  
RECEIVED AND FILED  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

CA

- 25) Claims and Lawsuits Filed as of December 31, 2025 –  
RECEIVED AND FILED  
**Berjis-Merz: 5 Ayes; 2 Absent - Pollard, Stout**

ADJOURNED TO CLOSED SESSION  
**Andersen-Pelz**

CLOSED SESSION

- 26) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 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) – SEE RESULTS BELOW
- 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)) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION  
**Pelz-Berjis**

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item 26 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 27 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 28 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, FEBRUARY 18, 2026 AT 11:30 A.M.  
**Merz**

/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**

February 18, 2026

**Subject:** Proposed Amendment No. 3 to Agreement 69022 with Wilbur Nelson Montana, D.O., an independent contractor, for professional medical services in the Department of Medicine

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

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 3 to Agreement 69022 with Wilbur Nelson Montana, D.O., an independent contractor, for professional medical services in the Department of Medicine. Dr. Montana is board certified in hematology and medical oncology and has been serving as faculty in the Division of Hematology and Oncology since 2022.

The proposed Amendment extends the term of the Agreement for two years from March 1, 2026 through February 28, 2028. The current maximum payable will increase by \$1,800,000, from \$2,300,000 to \$4,100,000, to cover the extended term of the Agreement.

Dr. Montana will continue to be paid a daily rate of \$3,500 for coverage and \$400 per hour for any excess clinical time. Dr. Montana will be on-site an average of five days per week and will provide services inclusive of supervision of residents and medical students while on service. Additionally, he will supervise mid-level activity; perform therapeutic and diagnostic procedures; provide outpatient clinic coverage; conduct inpatient rounds; serve on both the Cancer Committee and Tumor Board; and oversee orders for the outpatient oncology infusion clinic.

Therefore, it is recommended that your Board approve Amendment No. 3 to Agreement 69022 with Wilbur Nelson Montana, D.O., for professional medical services in the Department of Medicine for the period December 1, 2022 through February 28, 2026, extending the term for two years from March 1, 2026 through February 28, 2028, and increasing the maximum payable by \$1,800,000, from \$2,300,000 to \$4,100,000, to cover the extended term, and authorize the Chairman to sign.

**AMENDMENT NO. 3  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Wilbur Nelson Montana, D.O.)**

This Amendment No. 3 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 Wilbur Nelson Montana, D.O., a sole proprietor (“Contractor”), whose principal place of business is located at 14106 Pemberley Passage Avenue, Bakersfield, California 93311.

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #69022, dated November 30, 2022), Amendment No. 1 (Agt. #00324, dated January 8, 2024), and Amendment No. 2 (Agt. #032-2024, dated February 21, 2024 (collectively, the “Agreement”), for the period December 1, 2022 through February 29, 2026, for professional medical services in the Department of Medicine 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 March 1, 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 December 1, 2022 (the “Effective Date”), and shall end February 28, 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 compensation payable under this Agreement shall not exceed \$4,100,000 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. 3 as of the day and year first written above.

CONTRACTOR

By   
Wilbur Nelson, Montana, D.O.

KERN COUNTY HOSPITAL AUTHORITY

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

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Scott Thygeron  
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**

February 18, 2026

**Subject:** Proposed Amendment No. 3 to Agreement 16523 with Yasser Ratl Mrad, M.D., a contract employee, for professional medical and administrative services in the Department of Obstetrics and Gynecology

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

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 3 to Agreement 16523 with Yasser Ratl Mrad, M.D., a contract employee, for professional medical and administrative services in the Department of Obstetrics and Gynecology. Dr. Mrad, a board-certified obstetrician and gynecologist, has been employed by Kern Medical Center since 2023 and serves as Chief, Division of Obstetrics and Medical Director of the labor and delivery service, having previously provided services as an independent contractor beginning in 2017. The current Agreement is for a term of three years from March 16, 2023 through March 15, 2026.

The proposed Amendment extends the term an additional three years from March 16, 2026 through March 15, 2029 and will maintain his existing compensation structure which is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Mrad. The current maximum payable will increase by \$2,250,000, from \$2,250,000 to \$4,500,000, in order to cover the extended term of the Agreement. Dr. Mrad will continue to receive the same complement of benefits offered to all employed physicians.

Therefore, it is recommended that your Board approve the proposed Amendment No. 3 to Agreement 16523 with Yasser Ratl Mrad, M.D., for professional medical and administrative services in the Department of Obstetrics and Gynecology extending the term for three years from March 16, 2026 through March 15, 2029, and increasing the maximum payable by \$2,250,000, from \$2,250,000 to \$4,500,000, to cover the extended term, and authorize the Chairman to sign.

**AMENDMENT NO. 3  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
CONTRACT EMPLOYEE  
(Kern County Hospital Authority – Yasser Ratl Mrad, M.D.)**

This Amendment No. 3 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 Yasser Ratl Mrad, M.D. (“Physician”).

**RECITALS**

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #16523, dated March 23, 2023), Amendment No. 1 (Agt. #65124, dated September 9, 2024), and Amendment No. 2 (Agt. 095-2025, dated August 20, 2025) (collectively, the “Agreement”), for the period March 16, 2023 through March 15, 2026, whereby Physician provides professional medical and administrative services in the Department of Obstetrics and Gynecology and teaching services to resident physicians employed by Authority; and

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

(c) The Agreement is amended effective March 16, 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.** The initial term of this Agreement (“Initial Term”) shall be for a period of six (6) years, commencing as of March 16, 2023 (the “Commencement Date”). At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for two (2) additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.”

2. Section 5, Compensation Package, paragraph 5.11, Maximum Payable, shall be deleted in its entirety and replaced with the following:

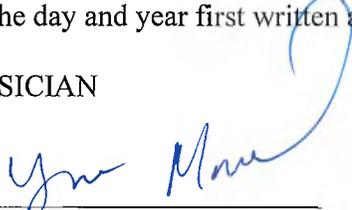
“5.11 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$4,500,000 over the six (6) year Initial Term of this Agreement.”

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 take 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. 3 as of the day and year first written above.

PHYSICIAN

By   
Yasser Ratl Mrad, M.D.

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**

February 18, 2026

**Subject:** Proposed Amendment No. 5 to Agreement 041-2023 with Tarun Rustagi, M.D., a contract employee, for professional medical services in the Department of Medicine

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

**Summary:**

Kern Medical requests your Board approve Amendment No. 5 to Agreement 041-2023 with Tarun Rustagi, M.D., for professional medical services in the Department of Medicine. Dr. Rustagi is a fellowship trained, board certified gastroenterologist, and has been employed by Kern Medical since March 16, 2023. The term of the Agreement expires March 15, 2026.

Kern County and the Central Valley are designated as a Health Professional Shortage Area (HPSA). The region is primarily rural and relies economically on agriculture with some limited energy production. Nearly half of the population is enrolled in Medicaid (Medi-Cal) due to severe socio-economic challenges. A significant shortage of physicians exists across nearly all specialties in the area, and is particularly acute in gastroenterology due to the conditions described above. Further, the number of gastroenterologists coming out of training is not keeping up with growing national and local demands due to an aging population.

Kern Medical has been attempting to recruit an additional gastroenterologist to support its single part-time gastroenterology specialist for over 10 years without success. For most of those years, the medical center was unable to generate any interested candidates due to the challenges of recruiting to a less-than-desirable area. To bolster its chances to recruit additional physicians in this much needed specialty, Kern Medical entered into a Professional Services Agreement in 2020 with Adventist Health Physicians Network (Adventist) to jointly recruit more gastroenterologists. Adventist was experiencing the same needs and a lack of success in recruitment. Under the agreement with Adventist, Kern Medical employs physicians in various specialties that in turn provide coverage at Adventist and Kern Medical.

The gastroenterology service under the agreement between Kern Medical and Adventist provides emergency, inpatient, and outpatient coverage for eight Adventist Health hospitals and dozens of clinics located in the Central Valley and Central Coast as well as Kern Medical's hospital, trauma center and 12 outpatient clinics. Adventist refers all gastroenterology cases from its service area to the Adventist Health Bakersfield hospital.

Despite the joint recruitment efforts to date, Adventist and Kern Medical have only been able to recruit a single gastroenterologist, Dr. Rustagi. In addition to basic gastroenterology services, Dr. Rustagi has advanced interventional gastroenterology fellowship training to treat the most complex cases, which allows for most patients in the area to be treated locally and not have to be transferred to Los Angeles or the Bay area. To support the demand, Dr. Rustagi has provided coverage nearly 365 days a year since he started. Dr. Rustagi's work effort as measured by a physician's productivity based on work RVUs far exceeds the 90th percentile for the MGMA Physician Compensation and Production Survey for gastroenterology.

The proposed Amendment extends the term of the Agreement for an addition period from March 16, 2026 through May 29, 2026, and increases the maximum payable by \$400,000, from \$7,226,435 to \$7,626,435, to cover the initial term of the Agreement.

Therefore, it is recommended that your Board approve Amendment No. 5 to Agreement 041-2023 with Tarun Rustagi, M.D., a contract employee, for professional medical services in the Department of Medicine, extending the term for an additional period from March 16, 2026 through May 29, 2026, increasing the maximum payable by \$400,000, from \$7,226,435 to \$7,626,435, and authorize the Chairman to sign.

**AMENDMENT NO. 5  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
CONTRACT EMPLOYEE  
(Kern County Hospital Authority – Tarun Rustagi, M.D.)**

This Amendment No. 5 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 Tarun Rustagi, M.D. (“Physician”).

**RECITALS**

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. 041-2023, dated March 15, 2023), Amendment No. 1 (Agt. 053-2024, dated March 20, 2024), Amendment No. 2 (Agt. 041-2025, dated April 16, 2025), Amendment No. 3 (Agt. 068-2025, dated June 18, 2025), and Amendment No. 4 (Agt. 133-2025, dated November 19, 2025) (collectively, the “Agreement”), for the period March 16, 2023 through March 15, 2026, whereby Physician provides professional medical services in the Department of Medicine 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 18, 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.** The initial term of this Agreement (“Initial Term”) shall be for a period of one (1) year, commencing as of March 16, 2023, or the approved date of Physician’s nonimmigrant H-1B status, which permits work authorization, but no later than ninety (90) days after the approved H-1B visa date (the “Commencement Date”), and shall end May 29, 2026. At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for two (2) additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter if any.”

2. Section 5, Compensation Package, paragraph 5.5, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“5.5 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$7,626,435 over the Initial Term of this Agreement.”

2. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
3. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which take together shall constitute one and the same instrument.
5. 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.

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 5 as of the day and year first written above.

PHYSICIAN

By \_\_\_\_\_  
Tarun Rustagi, M.D.

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**

February 18, 2026

**Subject:** Proposed Amendment No. 1 to Agreement No. 147-2025 with Sequoia Brain & Spine, Inc., an independent contractor, for professional medical services in the Department of Surgery

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

**Summary:**

Kern Medical requests your Board approve the proposed Amendment to Agreement No. 1 to Agreement 147-2025 with Sequoia Brain & Spine, Inc., for professional medical services in the Department of Surgery. The group is currently slated to start providing comprehensive neurosurgery coverage at Kern Medical on May 1, 2026.

The Amendment will sync the proposed April 15, 2026 effective date of the Agreement with the departure of the current neurosurgery group. This will provide a seamless transition from one service to another and correlates with the daily rates which can be billed for 24-hour coverage from 7am to 7am. There are no other changes to the Agreement.

Therefore, it is recommended that your Board approve the proposed Amendment No. 1 to Agreement No. 147-2025 with Sequoia Brain & Spine, Inc., an independent contractor, for professional medical services in the Department of Surgery, revising the term of the Agreement from May 1, 2026 through April 30, 2029 to April 15, 2026 through April 30, 2029, and authorize the Chairman to sign.

**AMENDMENT NO. 1  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Sequoia Brain & Spine, Inc.)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this third day of February, 2026, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Sequoia Brain & Spine, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 2217 B Street, Bakersfield, California 93301.

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. 147-2025, dated December 17, 2025) (“Agreement”), for professional medical services in the Department of Surgery 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 21, 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 April 15, 2026 (the “Effective Date”), and shall end April 30, 2029, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

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

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

4. 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.

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

[SIGNATURES FOLLOW ON NEXT PAGE]

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

SEQUOIA BRAIN & SPINE, INC.

By  \_\_\_\_\_  
Jesse J. Savage, M.D.  
Its President

KERN COUNTY HOSPITAL AUTHORITY

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

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Scott Thygeron  
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**

February 18, 2026

**Subject:** Proposed Ordering Document CPQ-4034314 with Oracle America, Inc., for the purchase of professional services to design and deploy a custom Blood Bank CCL Tag modification to improve patient blood typing records

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

**Summary:**

Kern Medical requests that your Board approve the proposed Ordering Document CPQ-4034314 with Oracle America, Inc., to purchase professional services to develop and deploy a custom Blood Bank Cerner Command Language (CCL) tag modification.

The agreement provides for Oracle Health consulting services to create a custom update to the existing Blood Bank tag logic so that Patient ABO/Rh values display as “Unknown” when no blood type is on file for that patient. Services include collaboration on requirements, non-production testing, and up to thirty (30) days of post-production issue resolution.

The total cost for the proposed services \$7,531, billed on a time-and-materials basis and invoiced monthly in arrears.

Approval of this purchase will improve clinical workflows, reduce manual workarounds, and support patient safety and regulatory compliance within the Blood Bank system. Failure to proceed may result in continued workflow inefficiencies and potential clinical risk.

Counsel is unable to approve due to nonstandard terms, which include additional vendor terms that can be changed/updated without consultation/review by Kern Medical.

Kern Medical is confident that these terms will not be changed prior to completion of this project and that completion of this project will improve patient care, therefore, it is recommended that the Board of Governors approve the proposed Ordering Document CPQ-4034314 with Oracle America, Inc. for the purchase of professional services to design and deploy a custom Blood Bank CCL Tag modification to improve patient blood typing records, for a project term of approximately 90 days, with a one-time cost of \$7,531, and authorize the Chairman to sign the agreement.

**Kern County Hospital Authority**  
1700 Flower St  
Bakersfield CA, 93305  
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
Professional Services -- Time and Materials	7,530.60	--	--
<b>Total Fees</b>	<b>7,530.60</b>	<b>0.00</b>	<b>0.00</b>

## Billing Frequency

Description	Amount Due	Payment Due
Professional Services -- Time and Materials	100%	Monthly in arrears

## Ordered Items

### Professional Services

#### Professional Services - Time and Materials

Part Number	Description / Role	Service Descriptions	Hourly Rate	Estimated Fees
<b>B110300</b>	<b>Oracle Health Professional Services - Data Services</b> [CCL - Blood Bank Product ID]	<b>Attached</b>	--	<b>7,530.60</b>
B102828	Consulting Technical Manager - Software Architect - per Hour [CCL - Blood Bank Product ID]	--	210.00	--
B102834	Senior Consultant - Software Engineer - EHI - per Hour [CCL - Blood Bank Product ID]	--	149.10	--
B104434	Consulting Project Snr Principal Consultant - EHI - per Hour [CCL - Blood Bank Product ID]	--	196.00	--
<b>Subtotal</b>				<b>7,530.60</b>

## Permitted Facilities

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

## Footnotes

A - This is an Interoperability Element subject to the 21st Century Cures Act. All available discounts have been applied.

## 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 v091525 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. Professional Services

#### a. Oracle Health Professional Services Delivery Policies.

The Oracle Health Professional Services Delivery Policies ("Health PSDP") available at <http://www.oracle.com/contracts> on the Oracle Health tab apply to and are incorporated into this order.

#### b. Service Descriptions.

Service Descriptions applicable to each Ordered Item identified as Professional Services in the table(s) above may be found (i) at <http://www.oracle.com/contracts> on the Oracle Health Tab (where identified as "Online" in the Professional Services table(s)), or (ii) as an attachment to this order (where identified as "Attached" in the Professional Services table(s)). These Service Descriptions are incorporated into this order by reference.

c. As required by U.S. Department of Labor regulations (20 CFR 655.734), You will allow Oracle to post a notice regarding Oracle H-1B employee(s) at the work site prior to the employee's arrival on site.

#### d. Estimated Fees.

Fees for Professional Services identified in this order as "Professional Services -- Time and Materials" are estimates intended only to be for Your budgeting and Oracle's resource scheduling purposes and may exceed the estimated totals: these estimates do not include taxes. For Professional Services performed on a time and materials (T&M) basis, You shall pay Oracle for all of the time spent performing such services at the rate specified in the Ordered Items table(s) above, plus materials and taxes. Once fees for Professional Services reach the estimate and upon amendment to this order, Oracle will cooperate with You to provide continuing Professional Services on a T&M basis.

### 5. 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.

### 6. 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.

**7. Offer Validity**

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

Kern County Hospital Authority

Signature



Name

Phil McLaughlin

Title

Chairman, Board of Governors

Signature Date

February 18, 2026

Oracle America, Inc.

Signature

*Anthony Hernandez*

Name

Anthony Hernandez

Title

Senior Director, NA Customer  
Deal Desk

Signature Date

26-Nov-2025 12:04 AM PDT

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By *Shannon Hochstein*  
Kern County Hospital Authority

## I. Oracle Scope of Services for Custom Development

- A. Collaborate with You to document mutual agreement of development of custom Oracle Health command language (CCL) blood bank tag.
- B. Create and deploy mutually agreed upon one (1) custom modification of existing blood bank product tag script to have the Patient ABO/Rh type equal "Unknown" when there is not patient ABO/Rh on file.
- C. Collaborate on Your non-production preliminary testing and issue resolution.
- D. Resolve issues with custom CCL scripts and Discern Rules up to thirty (30) days after initial delivery in production domain.

## II. Your Obligations

- A. Designate one (1) non-production domain identical to Your production domain to facilitate testing.
- B. Respond with any issues within the ten (10) days after initial delivery into Your production domain.

## III. Assumptions

- A. Oracle services will be performed under Your direction, and you shall remain responsible for management of the services and any outputs arising.
- B. For this custom programming effort, Oracle Health will assist in addressing any issues with the delivered programs until post-conversion turnover or thirty (30) days after production availability, whichever is later. After this, any software fixes, enhancements, or modifications requested by You will require a separate Ordering Document.
- C. Secure File Transfer Protocol (SFTP), operations setup, database build, memory, and both disk and file management, are Your responsibility
- D. You acknowledge hazards or performance risks may be inherent with creating and delivering custom CCL scripts and Discern Rules within Your workflows and in Your domains.
- E. Services will be delivered remotely.

## Bill To / Ship To Contact Information

### Bill To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1830 Flower St Bakersfield, CA US 93305	Sandra Bakich +1 (661) 862-8110 sandra.bakich@kernmedical.com

### Ship To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1830 Flower St Bakersfield, CA US 93305	Sandra Bakich +1 (661) 862-8110 sandra.bakich@kernmedical.com



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

February 18, 2026

**Subject:** Proposed Ordering Document CPQ-4220419 with Oracle America, Inc. for purchase of FetaLink Connectivity equipment and support.

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

**Summary:**

Kern Medical requests that the Board of Governors approve the proposed Ordering Document with Oracle America, Inc., for the purchase of Oracle Health FetaLink Connectivity Engine (CCE) equipment and related support services to expand Labor and Delivery fetal monitoring capacity.

The proposed ordering document provides for the purchase of six (6) Connectivity Engine devices, along with mounting brackets, adapter cables, UPS batteries, USB cables, freight, and Oracle Health Advanced Exchange Support services. The equipment will enable additional fetal monitoring beds to connect to the FetaLink system and integrate with the Cerner electronic health record, supporting increased patient volume, and continued clinical monitoring.

The total first-year cost under the ordering document is \$16,841, consisting of a one-time equipment purchase of \$15,406 and one year of support at \$1,435. Payment for equipment is due upon delivery, and support fees are billed annually in advance.

Approval of this agreement will allow Kern Medical to increase Labor and Delivery monitoring capacity, support patient safety, and maintain interoperability with Oracle Health clinical systems. Failure to proceed may limit bed availability and negatively impact clinical operations.

Counsel is unable to approve due to nonstandard terms, which include third-party products and services with pass-through provisions accepted without Counsel approval and limited opportunity for cost negotiation.

Therefore, it is recommended that your Board approve the proposed Ordering Document CPQ-4220419 with Oracle America, Inc. for purchase of FetaLink Connectivity equipment and support, with a maximum payable of \$16,841 plus applicable tax, for the period of February 18, 2026 to February 17, 2027, and authorize the Chairman to sign.

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

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

**Contact**

Edgar Hernandez  
+1 (661) 326-2619  
Edgar.Hernandez@kernmedical.com

## Fee Summary

Fee Description	Net Fees	Monthly Fees	Annual Fees
Equipment and Equipment Support	15,405.85	--	1,434.51
<b>Total Fees</b>	<b>15,405.85</b>	<b>0.00</b>	<b>1,434.51</b>

## Billing Frequency

Description	Amount Due	Payment Due
Equipment	100%	Upon delivery
Equipment Support - Annual Fees	100%	Annually in advance, beginning upon delivery

## Ordered Items

### Equipment and Equipment Support

Part Number	Description	Term	Pass-Through Code	Quantity	Unit Net Price	Extended Net Fees	Annual Fees
7607519	<b>Connectivity Engine (CCE), No Display (V4) (Fetal Monitor) (New Intel Stepping), for Oracle Health only.</b> [Mfg Part Num: UIBX-230-N2930-CR/2GB-R12]	--	--	6	1,769.37	10,616.22	--
B97320	Oracle Health Advanced Exchange Support	1 yr	--	--	--	--	1,273.95
7607556	<b>CCE V4 MOUNTING BRACKET</b> [Mfg Part Num: 2016-0921-00]	--	3rd Party	6	27.50	165.00	--
7607574	<b>RJ-11 Male to DE-9 Male Device Adapter Cable</b> [Mfg Part Num: DIGI11-A]	--	3rd Party	6	32.33	193.98	--
7607578	<b>Device Adapter, Programmable, for Oracle Health only.</b> [Mfg Part Num: ANA-D5000-100-A1]	--	--	6	223.00	1,338.00	--
B97320	Oracle Health Advanced Exchange Support	1 yr	--	--	--	--	160.56
7607623	<b>UPS LI-ION battery (new Intel Stepping), for Oracle Health only.</b> [Mfg Part Num: AUPS-A10-R20-CNR]	--	--	6	471.00	2,826.00	--
7610049	<b>Cables to Go - USB cable - 4 pin USB Type A (M) - 4 pi for select countries.</b> [Mfg Part Num: 13401]	--	3rd Party	6	8.99	53.94	--
B59411	<b>Hardware Freight Fee</b>	--	--	1	--	212.71	--
<b>Subtotal</b>						<b>15,405.85</b>	<b>1,434.51</b>

## 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 are responsible for all shipping and handling fees.

d. 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.

e. 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 v121525 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. Third-Party Offerings.

Certain products and services are provided by third-party suppliers (the "Third-Party Offerings"). Third-Party Offerings You have ordered, if any, are identified with information in the Pass-Through Code column in the Ordered Items table(s) above. For Third-Party Offerings with alphanumeric codes in the Pass-Through Code column, additional terms required by the third-party supplier that apply to such Third Party Offerings are available at <http://www.oracle.com/contracts> on the Oracle Health tab and are incorporated into this order by reference. For Third-Party Offerings with "3rd Party" in the Pass-Through Code column, no additional terms are required by the third-party supplier.

There are no indemnities, or express or implied warranties or conditions, offered or made by Oracle for Third-Party Offerings. Content Oracle makes accessible through Third-Party Offerings is provided on an "as-is" and "as available" basis without any warranty of any kind. Oracle disclaims all liabilities arising from or related to Third-Party Offerings.

#### c. 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. Equipment and Equipment Support

#### a. Delivery, Installation and Acceptance of Equipment.

(i) You are responsible for installation of the Ordered Items identified as Equipment in the table(s) above unless You purchase installation services from Oracle for that Equipment.

(ii) Oracle will deliver the Equipment in accordance with Oracle's Order and Delivery Policies which are in effect at the time of Your order, and which are available at <http://www.oracle.com/contracts> on the Oracle Health tab. Oracle will use the delivery address specified by You on this order.

(iii) The Equipment You have ordered will be delivered via delivery method HARDWARE - STANDARD.

(iv) Acceptance of the Equipment is deemed to occur on delivery.

(v) Oracle may make and invoice You for partial deliveries.

(vi) Oracle may make substitutions and modifications to the Equipment and Equipment Support based on availability or technological advancements.

(vii) Oracle will use its reasonable commercial efforts to deliver the Equipment within the timeframes specified in this order.

#### b. Transfer of Title.

Title to the Equipment will transfer upon delivery.

**c. Warranty.**

In the event that a warranty is provided by Oracle or a third-party, such warranty will be identified in the description of the Equipment ordered and details of the warranty will be available in the Oracle Health Equipment Warranty Policies which are available at <http://www.oracle.com/contracts> on the Oracle Health tab.

**d. Equipment Support.**

If ordered, support for Your Equipment will be provided in accordance with the Oracle Health technical support policies which are available at <http://www.oracle.com/contracts> on the Oracle Health tab.

**5. 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.

**6. 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.

**7. 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. Credit Card or PayPal Payments**

If the pre-tax value of this order is USD 99,999 or less and You opt to purchase the Ordered Items listed on this order by credit card or PayPal, the payment will be charged upon invoice generation with immediate payment terms.

Consulting/Professional Services may not be purchased by credit card or PayPal irrespective of the transaction size.

Kern County Hospital Authority

Signature \_\_\_\_\_



Name \_\_\_\_\_

Phil McLaughlin

Title \_\_\_\_\_

Chairman, Board of Governors

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

February 18, 2026

Oracle America, Inc.

Signature \_\_\_\_\_



Name \_\_\_\_\_

Anthony Hernandez

Title \_\_\_\_\_

Senior Director, NA Customer Deal Desk

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

26-Jan-2026 12:40 AM PDT

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By   
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 Bakersfield, CA US 93305	Edgar Hernandez +1 (661) 326-2619 Edgar.Hernandez@kernmedical.com

### Ship To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1700 Mount Vernon Avenue ATTN: Edgar Hernandez Bakersfield, CA US 93306	Edgar Hernandez +1 (661) 326-2619 Edgar.Hernandez@kernmedical.com



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

February 18, 2026

**Subject:** Proposed retroactive First Amendment to the Master Services Agreement (037-2024) with Elevate Patient Financial Solutions, LLC to revise the current fee schedule

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

**Summary:**

Kern Medical requests your Board to approve the retroactive First Amendment to the Master Services Agreement (037-2024) with Elevate Patient Financial Solutions, LLC to revise the current fee schedule regarding Accounts Receivable Insurance follow-up. The services provided by Elevate are necessary for expediting the resolution of delayed or denied insurance claims. The services provided by Elevate include, but not limited to, contacting payers, submitting additional information in support of claims, managing denied claims, and filing and managing the appeals process to complete resolution and payment to Kern Medical. The value of this service to Kern Medical includes cash collections and posting, managing the aging Accounts Receivable, and the timely processing and resolution of claims. The term of the Agreement is three (3) years, effective March 20, 2024 and will auto-renew for additional one (1) year terms unless terminated. This First Amendment will update the fee schedule effective February 1, 2026.

This First Amendment was negotiated and finalized by Kern Medical in November 2025, but the Vendor continued to have changes. Having the effective date retroactive to February 1, 2026, is advantageous to Kern Medical as the negotiated fees are less than previous fee schedule.

Therefore, it is recommended that your Board approve the proposed retroactive First Amendment Master Services Agreement (037-2024) with Elevate Patient Financial Solutions, LLC to revise the current fee schedule, with an annual cost of \$384,000, but a total projected collection value of \$5,000,000 to \$7,000,000, and authorize the Chairman to sign.



## First Amendment

This First Amendment (the “Amendment”) is entered into by and between **Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center** (“CLIENT”) and **Elevate Patient Financial Solutions, LLC**, on behalf of itself and its Affiliates (collectively “ELEVATEPFS”). This Amendment shall be effective upon execution by both Parties (“Effective Date”). Except to the extent expressly provided otherwise in this Amendment, all terms of the Agreement are incorporated by reference into this Amendment.

**WHEREAS**, ELEVATEPFS and CLIENT are Parties to a Master Services Agreement effective March 20, 2024, pursuant to which ELEVATEPFS currently provides CLIENT certain revenue cycle services as set forth in the Statement of Work (“SOW”) for AR Follow-up Services also effective March 20, 2024 (collectively the “Agreement”);

**WHEREAS**, the Parties have agreed to revise the fee structure set forth in the SOW for AR Follow-up Services from a contingency fee to a flat fee per FTE pricing model; and

**WHEREAS**, the Parties have agreed to incorporate Service Level Agreements into the SOW for AR Follow-up Services;

**NOW THEREFORE**, the Parties agree as follows:

1. **AR Follow-up Services Fee.** The Parties hereby agree to strike Section 5 of the SOW for AR Follow-up Services and replace with the below Section 5. This Amendment shall apply to all invoices issued by ELEVATEPFS to CLIENT on or after February 1, 2026.

**“5. Fees.**

- a. CLIENT shall pay ELEVATEPFS a monthly **flat fee of Eight Thousand Dollars (\$8,000)** for each on-site or off-site FTE assigned to perform AR Follow-up Services for CLIENT pursuant to this SOW. The monthly flat fee shall be subject to **annual three percent (3%) increases** starting **February 2027** and effective **February 1** of each year thereafter.
  - b. Designated staff assigned by ELEVATEPFS to work CLIENT accounts either on-site or off-site may be entitled to time off pursuant to ELEVATEPFS PTO, holiday, leave and other policies. During periods of absence, ELEVATEPFS will work accounts utilizing back-up staff located off-site. The absence of a designated FTE does not relieve CLIENT of its fee obligation set forth in Section 5.a.
  - c. ELEVATEPFS shall initially staff **four (4) FTEs** to perform services under this SOW. ELEVATEPFS may increase the number of FTEs upon mutual agreement of the Parties.”
2. **AR Follow-up Services – Service Level Agreements.** The Parties hereby agree to add Service Level Agreements to the SOW for AR Follow-up Services as follows:
    - a. **Service Level Agreements (“SLAs”):**
      - 1) ELEVATEPFS agrees to provide AR Follow-up Services to CLIENT in accordance with the following SLAs:
        - i. **New Placements.** ELEVATEPFS shall use commercially reasonable efforts to ensure that all new placements are actively worked within **five (5) business days from** the date of referral.

- ii. Active Inventory Follow-up. ELEVATEPFS shall use commercially reasonable efforts to maintain ongoing follow-up on all active inventory, with documented follow-up occurring at least once every **thirty (30) business days**.
- 2) The SLAs set forth above shall apply to all accounts referred on or after the effective date of this Amendment. Performance against the SLAs shall be measured on a rolling four (4) month basis.
- 3) The following key performance indicators (“KPIs”) shall be used to assess whether ELEVATEPFS is meeting the SLAs set forth above.

KPI	Target %	Allowable %
New Placements Worked > 5 days	0%	5%
Continual Follow-up on Active Inventory > 30 days	0%	7.5%

- 3. **Original Agreement**. Except as expressly changed by this Amendment, the terms and conditions of the Agreement shall remain in full force and effect.

**KERN COUNTY HOSPITAL  
AUTHORITY**

Phil McLaughlin  
Authorized Agent Print Name

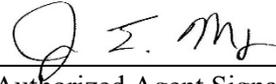
\_\_\_\_\_  
Authorized Agent Signature

Chairman, Board of Governors  
Authorized Agent Title

February 18, 2026  
Date

**ELEVATE PATIENT FINANCIAL  
SOLUTIONS, LLC, on behalf of itself and its  
Affiliates**

Justin Myers  
Authorized Agent Print Name

  
Authorized Agent Signature

Division President & COO  
Authorized Agent Title

February 10, 2026  
Date

APPROVED AS TO FORM:  
Legal Services Department

By Shannon Hochstein  
Kern County Hospital Authority



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

February 18, 2026

**SUBJECT:** Proposed Service Agreement Quotation 000489722.3 with Getinge USA Sales, LLC

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

**Summary**

Kern Medical requests that your Board approve the proposed Quotation 000489722.3 with Getinge USA Sales, LLC for a five (5) year service agreement.

Kern Medical has a Maquet Cardiac Assist Cardiosave Intra-Aortic Balloon Pump that requires scheduled maintenance twice a year. The proposed service agreement also includes repairs with parts as needed. The total cost of the five (5) year agreement is \$29,863 to be invoiced annually. The Agreement will be effective March 1, 2026 through February 28, 2031.

Kern Medical requests your board approve the five (5) year service agreement with Getinge USA Sales, LLC. Even with these non-standard terms and conditions, Kern Medical is requesting approval of the proposed Quotation 000489722.3 because Getinge USA Sales, LLC is Maquet's authorized vendor to service this device.

Therefore, it is recommended that your Board approve the proposed Quotation 000489722.3 with Getinge USA Sales, LLC, effective March 1, 2026 through February 28, 2031, for maintenance and repair services in the amount not to exceed \$29,863, and authorize the Chairman to sign.



## Getinge Care Technical Services

Customized service plans and solutions tailored to your needs.  
Help ensure maximum uptime and value of your Getinge investment.

**KERN MEDICAL / 127160**

1700 MOUNT VERNON AVE

BAKERSFIELD, California 93306

Quote Date: 1/28/2026

Follow Us!





Getinge USA Sales, LLC  
45 Barbour Pond Rd, Wayne, NJ 07470  
(888)-9GETUSA  
ServiceContractSupport-3.us@getinge.com

**KERN MEDICAL / 127160**  
1700 MOUNT VERNON AVE, BAKERSFIELD, California 93306  
**Redentor Libao**, Biomed Manager  
661-326-2000

Latoya Bishop  
Service Contract Coordinator

redentor.libal@kernmedical.com

Quote Number: 000489722.3  
1/28/2026

**Payment Terms:** net 30 days  
**Payment Interval:** Annual

**This Quote is valid for 90 days. If this Quote is for a renewal of services, it will be valid for 90 days or until the last day of the current contract term, whichever is sooner.**

RENEWAL  INITIAL  POS

Term: **Mar 1, 2026** To: **Feb 28, 2031**

Agreement Number: \_\_\_\_\_

~~Getinge USA Sales, LLC~~

By: *Vivian E. Marini*  
ECDE9BA326B7403...

Name: Vivian E. Marini

Title: Senior Manager, Commercial Support

Date: 1/28/2026

Service Rep : Adam Jackson

Sales Rep : Bryce Reddemann

**CUSTOMER ACCEPTANCE**

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

Printed Name \_\_\_\_\_

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

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

APPROVED AS TO FORM:  
Legal Services Department

By *Phillip Jenkins*

Kern County Hospital Authority



Getinge USA Sales, LLC  
 45 Barbour Pond Rd, Wayne, NJ 07470  
 (888)-9GETUSA  
 ServiceContractSupport-3.us@getinge.com

Latoya Bishop  
 Service Contract Coordinator

**KERN MEDICAL** / 127160  
 1700 MOUNT VERNON AVE, BAKERSFIELD, California 93306  
**Redentor Libao**, Biomed Manager  
 661-326-2000  
 redentor.libal@kernmedical.com

Quote Number: 000489722.3  
 1/28/2026

### GETINGE SERVICES QUOTE SUMMARY

Description	Yearly Option	Total Price
CA Getinge Premium Service Plan	5	<b>\$29,863.00 (Total 5 Years)</b> \$5,972.60 (Total Per Year)

Line	Model Description	Serial No	PM's Per Year
1	CARDIOSAVE hybrid Type B Plug	CH254277D7	2



Getinge USA Sales, LLC  
 45 Barbour Pond Rd, Wayne, NJ 07470  
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**Redentor Libao**, Biomed Manager  
 661-326-2000  
 redentor.libal@kernmedical.com

Quote Number: 000489722.3  
 1/28/2026

**CA Getinge Premium Service Plan**  
Quote Line Items

Description	Number of Units	Annual Price	Extended Price	Total Price
CRDSVE - GCare Premium - 5Y	1	\$5,972.60	\$29,863.00	\$29,863.00

Getinge USA Sales, LLC (Getinge) is pleased to submit the following quotation for the services described herein at the stated prices and terms. THIS QUOTATION WILL BE GOVERNED BY GETINGE'S SERVICE AGREEMENT TERMS & CONDITIONS FOUND IN THE AGREEMENT. Any prior or collateral agreements, representations, promises or conditions, whether written or oral, in connection herewith, are superseded hereby. No modifications, waivers or termination of any provisions contained in this Agreement or any future agreements, representations, promises or conditions in connection with the subject matter hereof shall be binding upon Getinge unless made in writing and signed by an authorized officer thereof. Acceptance of any Customer's purchase order does not operate as acceptance of any different or additional terms. None of Getinge's terms may be rejected or revoked by Customer without the consent of Getinge's Legal Team. If you have any questions about this Agreement, please contact your local Getinge Service Representative. By signing this Quotation, you agree that you have reviewed and accepted Getinge's Terms and Conditions and that you accept and agree to all of the terms hereof.



Getinge USA Sales, LLC  
45 Barbour Pond Rd, Wayne, NJ 07470  
(888)-9GETUSA  
ServiceContractSupport-3.us@getinge.com

Latoya Bishop  
Service Contract Coordinator

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**Redentor Libao**, Biomed Manager  
661-326-2000

redentor.libal@kernmedical.com

Quote Number: 000489722.3  
1/28/2026

**GETINGE USA SALES, LLC  
SERVICE TERMS AND CONDITIONS**

**The servicing of certain equipment, identified in a price quote signed by Getinge USA Sales, LLC (“Getinge”) and Customer (“Quote”), is expressly conditioned on Customer’s assent to these Service Terms and Conditions (“Terms and Conditions”). The Terms and Conditions are applicable to the extended warranty or service plan included in Quote (“Service Plan”). Any additional or revised terms, proposed by Customer, are expressly rejected and are not binding upon Getinge unless agreed to in writing. Any oral or written representation, warranty, or course of dealing not contained in these Terms and Conditions shall not be binding on either party.**

- 1) Service Plan. The Service Plan provides details of the agreed upon scope of services, rates, and hours of operation.
- 2) Payment Terms. The amount listed on the Quote (“Annual Price”) is due from Customer in accordance with the terms specified in the Quote. Any services outside of the scope of the Service Plan will be charged at the prevailing rates. Customer will make payment for services within thirty (30) days from the date of Getinge’s invoice.
- 3) Taxes. Each party will be responsible, as required under applicable law, for identifying and paying all taxes at are imposed on that party with respect to the transactions and payments thereunder. Customer agrees to pay applicable sales, use, value added and service taxes that Getinge includes on invoice and is legally obligated to collect from Customer. However, if Customer furnishes Getinge with an exemption certificate covering such taxes, it is not obligated to pay such taxes.
- 4) Inspection of Equipment. Equipment, not previously covered by a Getinge extended warranty plan or other service plan, is subject to inspection to determine its condition. If any repairs are required to meet the original manufacturer’s specifications, or if Equipment is unrepairable, Getinge may amend the Quote to remove such Equipment and make an adjustment to the Annual Price.
- 5) Parts. Getinge may utilize new and refurbished parts in its performance under the Service Plan. All replacement parts are installed as an exchange for the existing parts. Upon removal of any parts from the Equipment, such parts become the property of Getinge.
- 6) Termination. Either party may terminate this Agreement, in whole or in part, at any time, with thirty (30) days prior written notice. Upon receipt of notice, Getinge may cancel any services scheduled to be performed after the termination date. Customer will be invoiced for charges incurred through the termination date. Upon termination or expiration, Getinge will not be responsible for repairing Equipment, which required repair prior to the termination or expiration date, if: (i) Getinge is advised after the expiration or termination date; or (ii) repair visit is not scheduled prior to termination or expiration. In the event of termination, a credit memo, for the amount paid for services that were not performed, shall be provided to the Customer.
- 7) Service Warranty. Getinge’s Standard Service Warranty Policy applies to all Services and is attached as Exhibit A.



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45 Barbour Pond Rd, Wayne, NJ 07470  
(888)-9GETUSA  
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Latoya Bishop  
Service Contract Coordinator

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Quote Number: 000489722.3  
1/28/2026

8) Indemnification.

- a) General Indemnity. Each party shall, at its expense, indemnify, hold harmless and, at the other party's request, defend, the other party and its directors, officers, employees and agents, from and against all losses, costs, liabilities or expenses (including reasonable attorney's fees and legal costs) arising out of any third-party claims related to the indemnifying party's performance under this Agreement to the extent caused by any grossly negligent act or omission or willful misconduct of the indemnifying party, or its employees or agents, that contributes to (i) any personal injury, sickness, disease, or death; (ii) any damage to, or destruction of, property of the indemnified party; or (iii) the indemnifying party's violation of any statute, ordinance, or regulation.
- b) Indemnity Procedure. The indemnifying party shall defend, at its expense, any such third-party claims provided that: (i) the indemnified party gives the indemnifying party prompt notice in writing of the third-party claims and permits the indemnifying party, through counsel of its choice, to answer and defend such claims; and (ii) provides all needed information, assistance, and authority, at the indemnifying party's expense, to enable them to defend such claims. The indemnifying party shall not be responsible for payment of any amounts under any settlement made without its prior written consent. In settling any claims hereunder, neither party shall be entitled to admit any liability on behalf of the other party.

9) Limitation of Liability. EXCEPT AS SPECIFICALLY PROVIDED HEREIN, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY COMMERCIAL LOSSES, LOSS OF REVENUES OR PROFITS, LOSS OF GOODWILL, INCONVENIENCE, OR EXEMPLARY, SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES WHATSOEVER, REGARDLESS OF THE FORM OF ANY CLAIM, WHETHER IN CONTRACT OR TORT, WHETHER FROM BREACH OF THIS AGREEMENT OR OTHERWISE, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, EXCEPT FOR CLAIMS FOR INDEMNIFICATION, THE MAXIMUM LIABILITY OF EITHER PARTY FOR ANY BREACH OF THIS AGREEMENT SHALL NOT EXCEED THE ANNUAL PRICE PAID BY CUSTOMER FOR SERVICES UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTHS PRECEDING THE EVENT GIVING RISE TO SUCH LIABILITY.

Getinge shall not be liable for (i) any use, modifications, service or maintenance of Equipment by personnel, of Customer or otherwise, who have not been trained by Getinge or Getinge-approved personnel, (ii) any use, modifications, service or maintenance of Equipment not expressly authorized by Getinge, or (iii) any negligence or willful misconduct of Customer, its employees or agents, or any party other than Getinge. This section shall survive termination or expiration of this Agreement.

10) Confidential Information. Each party agrees to keep confidential any non-public information of the other party received in any form, including without limitation, these Terms and Conditions and any service or repair documentation provided in connection with the performance of the Service Plan. Each party will treat confidential information with the same degree of care as it keeps its own confidential information, but in no event less than reasonable care. Each party may share the confidential information with its employees, representatives, and advisors, subject to the same restrictions set forth herein. If the disclosure of the other party's confidential information is required by law, then the party required to make such disclosure shall provide sufficient notice to the other party to allow such party time to take legal



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Quote Number: 000489722.3  
 1/28/2026

or other action to prevent or obtain confidential treatment of such disclosure. Getinge is aware that Customer is a government entity and is subject to the California Public Records Act, *Cal.Govt.Code §79200 et seq.*, the Brown Act, and *Cal.Govt.Code §54950 et seq.*. Information, required by law, to be disclosed will not be considered Proprietary and Confidential by the Parties and, following notice to Getinge, if legally possible, will be disclosed only to the extent required to comply with that legal obligation.

- 11) HIPAA; Protected Health Information ("PHI"). Getinge does not use nor expect to receive any PHI as defined under HIPAA or HITECH during its routine service calls. To the extent Getinge receives any incidental disclosure of PHI as defined under 45 C.F.R. §164.502(a)(1)(iii), Getinge agrees to keep such PHI confidential.
- 12) Insurance. Getinge and Customer each agree to maintain the following insurance coverages with licensed insurers with a minimum A.M. Best rating of "A" with the following minimum limits: (a) Commercial General Liability, including products liability and completed operations coverage, with at least \$1,000,000 each occurrence and \$3,000,000 general aggregate; (b) Automobile Liability for all owned, now-owned, and hired vehicles, with at least \$1,000,000 each occurrence; and (c) Workers Compensation insurance in amounts that satisfy applicable statutory limits. Upon request, Getinge shall provide Customer with a certificate or other evidence of insurance in form and amounts in compliance with this section.
- 13) Discount Disclosure. The price for the Service Plan may reflect discounts, or other reductions in price to services and parts purchased hereunder. To the extent applicable, Customer agrees to appropriately report the actual prices paid for any services and parts, inclusive of all discounts and reductions in prices paid for services, in accordance with Section 1128B(b)(3)(A) of the Social Security Act, 42 C.F.R. §1001.952(h), and 42 U.S.C. §1320a-7b(b)(3)(A), and other applicable laws and regulations as amended. Customer shall retain these Terms and Conditions, applicable Quote, and related documentation identifying Service Plan discounts and reductions in price, and make such information available, upon request, to federal and state healthcare programs. Customer may request additional information and documentation from Getinge to facilitate its reporting obligations.
- 14) Access to Customer's Facility. To the extent services under this Agreement are performed at Customer's facility, Getinge shall ensure that its personnel will comply with all applicable policies and requirements, provided by Customer to Getinge, pertaining to business and office conduct and health and safety. This includes, but is not limited to, Customer's health screening and background check requirements.
- 15) Debarment. Each party represents and warrants that neither it, nor any of its affiliates, employees, agents, or representatives ("Representatives") performing under these Terms and Conditions are, or have within the past five (5) years have been, debarred or excluded from participation in any federal or state healthcare programs. Each party will promptly notify the other in the event of any actual or threatened debarment of any party or its Representatives. Either party may terminate any pending transactions made pursuant to these Terms and Conditions upon receiving such notice.



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45 Barbour Pond Rd, Wayne, NJ 07470  
(888)-9GETUSA  
ServiceContractSupport-3.us@getinge.com

Latoya Bishop  
Service Contract Coordinator

**KERN MEDICAL** / 127160  
1700 MOUNT VERNON AVE, BAKERSFIELD, California 93306  
**Redentor Libao**, Biomed Manager  
661-326-2000  
redentor.libal@kernmedical.com

Quote Number: 000489722.3  
1/28/2026

- 16) Force Majeure. Neither party shall be liable for any delay or failure of performance if and to the extent such delay or failure is caused, directly or indirectly, by circumstances beyond its reasonable control and that by the exercise of due diligence it is unable to prevent, including without limitation acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, flood, the elements, epidemics or pandemics, strikes, labor disputes, shortages of fuel, power, suitable parts, materials, labor or transportation, government or regulatory restrictions or regulations provided that the non-performing party uses commercially reasonable efforts to overcome the same.
- 17) Remedies. The rights and remedies of each party provided under these Terms and Conditions are cumulative and not exclusive, and are in addition to any other rights and remedies provided at law or in equity.
- 18) Independent Contractors. The relationship of the parties is that of independent contractors. Neither party shall be considered a partner, agent, or employee of the other. Neither party has any express or implied right to assume or create any obligation on behalf of, or in the name of the other party or to bind the other party to any contract, agreement or undertaking with any third party, and no conduct of a party shall be deemed to imply such right.
- 19) Assignment. Neither party shall assign their rights and obligations under this transaction to any third party, except to a wholly owned subsidiary, without the prior written consent of the other party. Any permitted assignee shall assume in writing all obligations of the assigning party as set forth hereunder.
- 20) Books and Records. Getinge agrees that, until the expiration of four (4) years after the furnishing of any services pursuant to these Terms and Conditions, it will 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, copies of these Terms and Conditions and any other data of Getinge necessary to certify the nature and extent of costs incurred by Customer for services.
- 21) Entire Agreement. These Terms and Conditions and the applicable Getinge Quote contains the entire agreement between the parties with respect to this transaction, and supersedes all previous agreements, negotiations, discussions, writings, understandings, and commitments related thereto. Any modification to these Terms and Conditions or the applicable Quote must be in writing and signed by each party's authorized representative.
- 22) Governing Law. Intentionally omitted.
- 23) Dispute Resolution. In the event either party has a grievance or dispute against the other party with regard to the terms of this Agreement; ii) the services provided, then that party shall give written notice to the other party that it desires to meet to attempt to resolve the grievance or dispute. Upon delivery of the written notice, Getinge and Customer agree to meet in good faith to resolve such grievance or dispute. If, after a period of not less than thirty (30) days from the delivery of the written



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notice, either party feels that a mutual resolution is not forthcoming, then that party has the right to notify the other party, in writing, of its specific grievance or dispute. The other party shall then have thirty (30) days following the delivery of the notice with which to resolve the grievance or dispute. In the event that either party is not satisfied at the end of this final thirty (30) day period, then either party has the right to pursue a resolution through non-binding mediation.

- 24) Notice. Any notices required or permitted under these Terms and Conditions shall be in writing and will be sent by recognized national or international overnight courier or registered or certified mail, postage prepaid, return receipt requested, or delivered by hand to the address set forth in the Quote. Notices will be deemed to be duly given: (a) when delivered by hand; (b) two (2) days after deposit with a recognized national or international courier; or (c) on the delivery date indicated in the return receipt for registered or certified mail. A party may change its contact information immediately upon written notice to the other party in accordance with this section.
- 25) Waiver. Any waiver of any rights or obligations under these Terms and Conditions must be mutually agreed upon in writing and signed by an authorized representative of each party. No act or omission, including payment for a service, shall constitute a waiver of any right or obligation hereunder.
- 26) Severability. If any provision of the Terms and Conditions is held to be invalid or unenforceable, the remaining provisions will remain in full force and effect.
- 27) Survival. All provisions of these Terms and Conditions that by their nature should survive the performance of the transactions made hereunder shall do so, subject to the limitations contained herein.



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**EXHIBIT A**  
**GETINGE USA SALES, LLC**  
**STANDARD SERVICE WARRANTY POLICY**

Subject to the exclusions set forth below, Getinge's warranty shall be as provided in this Exhibit ("Warranty").

1) Warranty

- a) Getinge warrants to Customer that (i) services provided to Customer hereunder shall be performed in a good and workmanlike manner in accordance with applicable industry standards for such services, and (ii) all parts furnished under this Agreement shall be free of material defects in material and workmanship at the time of installation and for a period of ninety (90) days, unless otherwise specified.
- b) Customer specifically acknowledges and agrees that Getinge's sole and exclusive liability to Customer for a material breach of this Warranty is limited to repair or replacement of the part(s) and/or reperformance of the services, as applicable, at the sole option of Getinge.
- c) This Agreement does not extend the period or coverage of any original warranty of the Equipment.
- d) EXCEPT AS EXPRESSLY PROVIDED HEREIN, GETINGE MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PARTS OR SERVICES PROVIDED BY GETINGE INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. PARTS DISTRIBUTED, BUT NOT MANUFACTURED, BY GETINGE ARE NOT WARRANTED BY GETINGE. CUSTOMER MUST INSTEAD RELY ON THE REPRESENTATIONS AND WARRANTIES, IF ANY, PROVIDED DIRECTLY TO CUSTOMER BY THE MANUFACTURER OF SUCH EQUIPMENT.

2) EXCLUSIONS

- a) The Service Plan and Warranty shall not apply and shall be deemed null and void as to such Equipment if:
  - i. Equipment is not stored, installed, maintained, or used in accordance with its applicable instructions for use or operating manual or if it is used for a purpose not indicated in the applicable instructions for use or operating manual;



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- ii. any repairs, alterations or other work has been performed by Customer or others on such Equipment, other than work performed or authorized by Getinge;
- iii. Equipment has been damaged as a result, in whole or in part, from the use of components, accessories, parts or supplies not furnished by Getinge;
- iv. service of the Equipment and/or parts therefor are required as the result of abuse, misuse, improper maintenance, physical damage, accident, or the negligence of any party other than Getinge;
- v. recommended preventative maintenance is not performed by Customer; or
- vi. Equipment is moved from the Customer's current location.

b) The following are expressly excluded from the Warranty, and are not covered by the Service Plan:

- i. Cosmetic damage (e.g., nicks, dents, scrapes, scratches), however caused; and
- ii. damage caused by accidental or unusual physical, electrical, or electromagnetic stress, neglect, misuse, failure of electric power, air conditioning, humidity control, or transportation, or accident or disaster, including fire, water, wind and lightning, vandalism or burglary, or any other cause other than ordinary use.



# Acute Care Service Agreement Deliverables

## Getinge Care Premium

### Cardiopulmonary, Cardiac Assist, Critical Care

#### Features

- Preventative maintenance parts (if required)
- Preventative maintenance travel and labor
- Repair parts
- Repair travel and labor
- Cardiohelp System Restore (includes batteries)
- Temporary equipment loaners subject to availability (Cardiohelp, Cardiosave, Rotaflow, CS300)
- Technical telephone support
- Clinical telephone support (24/7)
- Telephone response — two hours
- Onsite response — one business day (or as agreed upon per event)

*Note: All labor to be conducted during normal business hours, Monday to Friday (8 am-5 pm local time).*

*After hours service is available for an extra cost.*



#### Included

- Servo Ventilator and Mini-compressor: batteries modules, (limit 2 every 30 months) 5,000-hr. PM kit, 10,000-hr. PM kit, cassette membranes, internal memory batteries
- Power and memory backup batteries per replacement interval
- Flow Anesthesia: 24-month PM kit
- CS300/Cardiosave IABP: batteries, safety disk, filters, tidal volume disk, scroll compressor, NVRAM chip
- Cardiohelp: batteries

#### Standard PM frequency

- Servo Ventilators: one (1) per year or 5,000 hours of operation (whichever comes first in a 12 month period)
- Servo Mini-Compressor: one (1) per year
- Flow Anesthesia: one (1) per year
- Cardiosave/CS300: two (2) per year
- Cardiohelp: three (3) per year
- Rotaflow: two (2) per year

#### Hourly rates

- Labor and travel for services outside the scope of this agreement will be billed at the current Getinge rates

**For answers to specific questions, contact the Getinge USA Sales LLC.**

**For additional information, please visit [www.getinge.com/service](http://www.getinge.com/service) or call the Customer Service Center at 888 9GETUSA.**

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## **Getinge Care Technical Services receives NBRI award five years in a row**

### **At Getinge, caring is our mission**

We care about enhancing safety, protecting performance and preserving your budget — and know that patients are the priority. That is why we are proud to provide the right Service Plan to ensure equipment is operational when you need it.

[Explore Getinge Care Plans](#)



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

February 18, 2026

**Subject:** Proposed Retroactive Equipment Lease Agreement with Interim Diagnostic Imaging, LLC, (IDI)

**Recommended Action:** Approve; Authorize Chief Executive Officer to sign

**Summary:**

Kern Medical requests your Board retroactively approve the proposed Equipment Lease Agreement with IDI, LLC for a short-term mobile MRI lease. This will allow us to provide safe and high-quality imaging for our patients and allow us to function as a trauma center. This will replace our current mobile MRI. The proposed agreement is for seven (7) months, effective December 29, 2025 through July 27, 2026, in an amount not to exceed \$385,000. This agreement will allow Kern Medical to continue to provide critical patient care while a permanent MRI solution is finalized.

This agreement is retroactive because Kern Medical had to execute the agreement to secure the mobile MRI trailer before it was leased to another party.

Therefore, it is recommended that your Board retroactively approve the proposed Equipment Lease Agreement with Interim Diagnostic Imaging, LLC, effective December 29, 2025 through July 27, 2026, in an amount not to exceed \$385,000, and authorize the Chief Executive Officer to sign.



EQUIPMENT LEASE AGREEMENT

DATE: December 17th, 2025

QUOTE: 20251117

LESSOR: Interim Diagnostic Imaging, LLC
4960 Yuma Court North
Plymouth, MN 55446

LESSEE: Kern Medical Hospital
1700 Mount Vernon Avenue
Bakersfield, CA 93306

Lessor agrees to furnish Lessee with the Equipment pursuant to the terms set forth herein, subject to the terms and conditions attached and incorporated herein by reference (the "Proposal"), which, upon Lessee's written acceptance below, shall constitute the parties' Lease Agreement (the "Lease").

EQUIPMENT: One (1) Mobile GE Voyager 1.5 Tesla MRI Scanner, to be housed in a standard mobile coach, as set forth in the Equipment Description/Configuration in Exhibit A attached and incorporated hereto.

SITE: Equipment to be delivered to: Kern Medical Hospital, 1700 Mount Vernon Avenue, Bakersfield, CA 93306 (The site).

LEASE PERIOD: The term of the lease shall be for a period of Seven (7) months delivering and commencing "on or about" December 29th, 2025 ("Initial Term"). Lessor's ability to lease is on a first-come, first serve basis subject to availability. After the Initial Term, this Agreement can renew weekly at the Extension Rate (as defined below) by Lessee no less than Fourteen (14) days before the end of the Initial Term.

RENT: Lessee agrees to pay Lessor Fifty-Five Thousand and No/100 Dollars (\$ 55,000.00) per month (the "Rent") during the Initial Term. The Rent following the Initial Term will be prorated based upon a rate of Fifty-Five Thousand and No/100 Dollars (\$55,000.00) per month (the " Extension Rate").

PAYMENT: Lessee hereby agrees to pay Lessor the Rent for the first Four Week term by January 5th,2026. Subsequent invoice payments are due within the first week of the Extended Lease period.

SET UP/DELIVERY: Lessor will provide site planning requirements for the set-up of the system at the Site. Lessee is responsible for transportation charges to the site in the amount of \$14,500.00.

SERVICE HOURS: Preventive maintenance and service of the Equipment ("Service") shall be provided Monday – Friday between 8:00 Am to 5:00 Pm. Service is provided via GE Medical Solutions OEM Local Field Service Engineers and Bayer Medrad OEM Injector Service Agreement Monday -Friday 8:00 AM – 9:00 PM. Lessee is responsible for cost of Service performed outside the service hours. Bayer Medrad OEM Service Agreement: Monday-Friday 8:00 Am – 5:00 Pm.

DAMAGE DEPOSIT: Waived

ONSITE APPLICATIONS TRAINING: On-Site Applications Training is available at the rate of \$2,500.00/day, including all expenses.

CLEANING FEE: A one- time fee of \$500.00.

CERTIFICATES: Lessee will provide Lessor with certificate(s) of insurance, tax exemption, or certificate of need, if applicable. Certificates must be received 48 hours prior to Equipment delivery to Site. Lessee is responsible for all City, County and State permits. Lessee is responsible for all Physicists testing.

Lessee hereby accepts this proposal and enters into a Lease Agreement (the "Lease") with Lessor pursuant to the above proposal and the terms and conditions attached hereto and incorporated herein by reference, effective this 31 day of **December**, 2025.

LESSOR:  
INTERIM DIAGNOSTIC IMAGING, LLC

By Mark Koers Mark Koers

Its: CEO

LESSEE:  
KERN MEDICAL HOSPITAL

By [Signature]

Its: Scott Thygerson, CEO

APPROVED AS TO FORM:  
Legal Services Department

By Phillip Jenkins  
Kern County Hospital Authority

## GE Signa Voyager 1.5 – Wide Bore

### Mobile GE System Configuration:

- GE Signa Voyager 1.5 MRI System
- 49 Channel MRI System
- 70 CM Wide Bore
- Signa Works 29.1 Software
- Patient Table (550 lbs max weight)
- Signa Flow
- Signa Works AIR IQ Edition
- ARDL software installed
- Orthowork Toolkit
- Neuroworks Toolkit
- BodyWorks Toolkit
- OncoWorks Toolkit
- CVWorks Toolkit
- PaedWorks Toolkit
- READYView Advanced Visualization
- TDI Coil Suite
  - Integrated T/R Body Coil
  - TDI Posterior Array
  - TDI Head Neck Unit
- 16 -Channel AIR Anterior Array
- 21 Channel 1.5 AIR Multipurpose Large
- 21 Channel 1.5 AIR Multipurpose Medium
- 16 channel wrist coil
- MR Audio
- Medrad Xperion pedestal injector
- 2025 AMST Trailer



## TERMS AND CONDITIONS

1. **The Lease.** This document together with the proposal of Lessor to lease the Equipment described therein (collectively, the "Lease") shall constitute the sole and complete agreement between the parties concerning the lease of the Equipment and shall govern the lease of the Equipment. Capitalized terms used herein shall be as defined in the proposal. Lessor objects to and rejects any additional or different terms in any document previously or hereafter received from Lessee. No addition to, or modification or waiver of, any provision hereof shall be binding against Lessor unless set forth in writing and signed by a duly authorized officer of Lessor.
2. **Lessor shall provide at its sole cost and expense:**
  - (a) Consultation for the purpose of advising Lessee of Site requirements for initiation of rental.
  - (b) The Equipment as described in Exhibit A.
  - (c) Preventive maintenance and service on the scanner will be provided during the hours of 8:00 am and 9:00 pm, Monday through Friday, except when damage to the Equipment is as a result of the negligent acts or omissions of Lessee. Lessee will be solely responsible for reimbursing Lessor for expenses incurred by Lessor for the repair of such damage and for the labor costs of service performed outside covered hours.
  - (d) Access to all Books and Records by the Secretary of the Department of Health and Human Services or his designee pertaining to the provision of services by Lessor under this Lease, pursuant to Section 952 of the Omnibus Reconciliation Act of 1980.
  - (e) Connection suitable for the 3-phase power source.
  - (f) Applications training, if requested, will be provided at a rate of \$ 2500/ per day, including expenses.
3. **Lessee shall provide at its sole cost and expense:**
  - (a) A suitable Site (acceptable to Lessor) for the Equipment, which shall include any re-grading, re-seeding, repairing of paving or roadway, etc. to the Site after Equipment is removed from the Site.
  - (b) Electric service and installation of connections to include a 3-phase power source via lead-in cable on a dedicated power line of 150 amps/480 volts.
  - (c) In the event possession or the use of the Equipment requires approvals, permits or licensing by any governmental authority, Lessee shall, at its own expense, obtain and maintain such license continuously during the term of this lease.
  - (d) Telephone extension usage on board the Equipment.
  - (e) All medical supplies, film, processing, and contrast media required for use of the Equipment.
  - (f) Emergency service personnel, facilities and supplies necessary to provide patients with emergency medical care as may be required, including, but not limited to, oxygen, an aspirator, crash cart with defibrillator, and emergency drugs when deemed necessary to Lessee.
  - (g) Physicians, nurses, or other technicians trained and certified as required, ("Medical Personnel") qualified to operate the Equipment or to inject patients with contrast solution where ordered.
  - (h) Radiologists, acting on behalf of Lessee, qualified to interpret report and take such other steps as may be medically advisable with respect to all scans performed.
  - (i) All taxes, fees and permits relating to the Lease, use or installation of the Equipment.
  - (j) Discs for long term archive of scans.
4. **Delivery.** Lessor will deliver the Equipment covered by the Lease at the Site address specified by Lessee. Lessor will make every effort to complete delivery of Equipment when indicated, but the delivery date specified in this Lease is Lessor's estimate only and Lessor shall not be liable for any costs or damages incurred if delivery is not made on the estimated date or within a reasonable time thereafter. In no event shall Lessor be liable for lost profits or any other incidental or consequential damages.



5. **Site.** The Equipment shall be delivered to and thereafter kept at the Site as specified by Lessee in the Lease and shall not be removed from that location without Lessor's prior written consent. The Equipment shall be kept by Lessee in its possession and control and used by the Lessee and all other persons with due care and conformity with all applicable laws, regulations, requirements, or any insurer or government. Lessor will connect the Equipment to the safety switches or electrical outlets to be provided and installed by the Lessee. If for any reason such assembly, disassembly and electrical connections are made by other than the Lessor's own employees, any additional cost for such outside labor must be assumed and paid for by the Lessee. Proper electrical current for the operation of the Equipment will be brought to the safety switches and electrical outlets by Lessee and Lessee will supply all necessary conduit wiring. Lessor shall have immediate access to the Site to remove the Equipment at the termination of the Lease.
6. **Service.** Service and preventive maintenance will be provided without charge, at the times stated in the Lease. Lessee shall be responsible for all costs of Service performed other than during these times, which shall be billed to Lessee. Lessee shall also be responsible, at its expense, for labor, repair or replacement of Equipment, or parts thereof, damaged through negligent acts, misuse, or omissions by Lessee, or its employees, representatives, or agents.
7. **Taxes.** Lessee shall report and promptly pay, including but not limited to, any and all sales, franchise use or other taxes; all license and registration fees, real or property taxes and assessments due, assessed or levied against the Equipment or the delivery, leasing, possession, use or operation thereof at the Site, or upon the rentals or receipts with respect to this Lease, together with any penalties, fines, or interest thereon, imposed against this Lease. Lessee shall reimburse Lessor, or its assigns, upon receipt of written request for reimbursement for any charges assessed against Lessor or its assigns, and Lessee will, on request of Lessor submit to Lessor written evidence of Lessee's payment thereof, and in any case any report or return is required to be made with respect to any tax, Lessee will make such report or return in such manner as will show the ownership of the Equipment by Lessor, and send a copy of thereof to Lessor.
8. **Title.** The title to the Equipment shall be and remain in the Lessor, subject only to Lessee's right of possession, and use during the term of this Lease.
9. **Risk of Loss; Insurance.** Lessee shall bear the entire risk of loss, theft, destruction, or damage of the Equipment while at the Site from any cause whatsoever and no loss, theft, destruction, or damage of the Equipment shall relieve Lessee of the obligation to pay rent or any other obligations under this Lease. In the event of damage of any kind to the Equipment, Lessee, at the option of Lessor, shall place the Equipment in good condition and repair, or if the Equipment is determined by Lessor, in its sole discretion, to be destroyed or damaged beyond repair and if requested by Lessor, Lessee shall pay to Lessor the replacement cost of the Equipment immediately preceding the event causing the loss.
- Lessee shall maintain at its costs (a) comprehensive public liability insurance coverage for any current or future claim, in an amount not less than \$ 1,000,000.00, per occurrence; with respect to the activities of the Lessee, and (b) property insurance on the Equipment for the full replacement value, but in an amount not less than \$ 975,000.00 on an "All Risk" or special perils coverage form, with mechanical breakdown and off-premise power interruption coverage added by endorsement or on a separate boiler policy. Lessee shall be responsible for any loss or damage to the Equipment from any cause whatsoever not included under fire and extended coverage insurance. The proceeds of such coverage, in the event of loss or damage shall be applied, at the Lessor's option, to the repair or replacement of the Equipment. Lessee shall promptly provide Lessor with certificates evidencing liability and property insurance. Parties understand that Lessee is a California public entity and self-insured pursuant to CA § 990. Evidence of self-insurance, combined with any applicable insurance certificate shall satisfy the insurance requirements herein.
10. **Medical Personnel Liability.** Any Medical Personnel who inject or supervises the injection of contrast material, operates the Equipment, interprets, or reports the results of scans, or performs other ancillary medical service on patients using the Equipment, whether employed by Lessee or not, shall maintain professional liability insurance in similar amounts with respect to their activities, for any current or future claims arising from those activities.
11. **Limitation of Lessor Liability:** It is expressly agreed by the Parties that:
- (a) Lessor is acting as an independent contractor and not as agent for Lessee.
  - (b) Lessor is merely providing the use of the Equipment. Lessee has full medical responsibility for its patients, and their attendance at the Equipment during the scanning procedure. Neither Lessor nor any of its personnel shall in any way undertake the practice of medicine, render medical opinions or in any way deal with patients other than to provide those specific ancillary services required for operation of the Equipment.
  - (c) Lessor shall not be responsible to Lessee, to any patient or to any Medical Personnel for failure to provide services as a result of Lessee caused delays, Equipment failure, maintenance requirements, or consequential or special damages resulting therefrom, or any cause not within Lessor's reasonable control.
  - (d) Lessee agrees to obtain a properly signed and witnessed document for each patient to be scanned evidencing his/her consent to the procedure, including the injection of contrast material.
12. **Mutual Indemnification.** Each party shall indemnify and hold harmless the other party, including its officers, agents, representatives, and employees (collectively, the "Indemnified Party"), against any loss, claim, liability, and expense (including reasonable attorney's fees and expenses of litigation) including without limitation claims for personal injury, death or property damage, resulting from or arising out of the delivery, possession, use or return of the Equipment, or recovery of claims under any insurance policies, or where the claim is based in the whole or in any part on, or is in any way related to any act or omission by the indemnifying party or its contractors, agents, employees or delegates, except for such claims or damages as may be due to or caused by the negligent acts or omissions of the Indemnified Party.

13. **Insecurity: Default.** In the event that (i) any payment hereunder shall have become due as herein provided and shall remain unpaid for seven (7) days after Lessee is notified by Lessor of such delinquency, (ii) Lessee becomes insolvent, (iii) Lessee ceases to do business as an ongoing concern, (iv) Lessee makes an assignment for the benefit of creditors or seeks any arrangement or composition with its creditors under any statute or otherwise, (v) bankruptcy proceedings are commenced by or against Lessee for reorganization of Lessee's debts under the Bankruptcy Act, (vi) Lessee appoints a receiver or trustee for any substantial part of Lessee's assets, or (vii) any proceedings are instituted for the dissolution, full or partial liquidation of Lessee, then Lessor may, at Lessor's sole option, declare Lessee to be in default and exercise any or all of the following rights:

- (a) Terminate this Lease upon delivery of written notice to Lessee.
- (b) Declare all amounts due or to become due under the Lease to be due and payable for the balance of the Lease.
- (c) Take any action at law or in equity to collect payments then due and to become due under this Lease, and to enforce performance of any obligation under the Lease.
- (d) Take and hold possession of the Equipment, render the Equipment unusable, or for this purpose, remove the Equipment from the Site without liability to Lessor for any damage caused thereby.

Lessor shall be entitled to exercise all rights and remedies under law upon breach by Lessee of any terms or conditions herein. In the event that legal or other action is required to enforce Lessor's rights hereunder, Lessee agrees to reimburse Lessor on demand for its reasonable attorneys' fees and its other related costs and expenses.

14. **Limitation of Damages.** Lessee UNDERSTANDS THE INHERENT RISKS AND DANGERS ASSOCIATED WITH THE USE OF CT and/or MRI EQUIPMENT AND SHALL BE RESPONSIBLE FOR TRAINING ITS EMPLOYEES AND AGENTS IN SAFE USE AND HANDLING OF SUCH EQUIPMENT.

Lessor SHALL NOT BE LIABLE FOR ANY LOSS OF USE, REVENUE OR ANTICIPATED PROFITS, OR FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE LEASE OR USE OF THE EQUIPMENT. This provision does not affect third party claims for personal injury arising as a result of Lessor's negligence or product defect. THE FOREGOING IS A SEPARATE, ESSENTIAL TERM OF THIS AGREEMENT AND SHALL BE EFFECTIVE UPON THE FAILURE OF ANY REMEDY, EXCLUSIVE OR NOT.

15. **Damage Deposit: Waived.**

16. **Assignment.** Lessee hereby consents to any assignment by Lessor and any reassignment of this Lease, the rents due hereunder, or any or all of Lessor's rights, title, or interest in this lease, with or without notice. Neither this Lease nor any of Lessee's rights hereunder shall be assignable by Lessee either by its own act or by operation of law, without the prior written consent of the Lessor.

17. **Miscellaneous.**

- (a) Lessor shall not be in breach of this Lease or be liable to Lessee or any other person in any manner on account of any delay in or failure of delivery or other nonperformance caused in whole or in part by, or otherwise materially related to, occurrence of any contingency beyond Lessor's reasonable control, including, without limitation, unavailability of the Equipment, any act of God, fire, strikes, Equipment breakdown, transportation delays, or any existing or future laws or regulations which affect the conduct of Lessor's business.
- (b) All notices hereunder shall be in writing and shall be given by either (i) personal delivery or (ii) by nationally recognized overnight courier (prepaid), sent to each party at its address as set forth in the Lease or at such other address or in such other manner as may be designated by such party in written notice to each of the other parties. All such notices and communications shall be effective when personally delivered or one (1) business day after delivery to the overnight courier.
- (c) The Lease shall be deemed to have been made in and shall be governed by the laws of the State of California. Any dispute hereunder shall be brought in either the state or federal courts located in Kern County, CA and the Lessee hereby consents to and submits to the personal jurisdiction of such courts.
- (d) **Obligations of Lessee Upon Termination.** It is the mutual understanding of the parties that, in the performance of Lessor's obligations under this Agreement, it is not intended or expected that Lessor will collect, possess, access, or retain any protected health information ("PHI") of Lessee's patients. Upon expiration or termination of this Agreement, and prior to the return of the Equipment to Lessor; Lessee shall be obligated to remove or otherwise dispose of any PHI from the Equipment at no cost to Lessor. Furthermore, Lessee shall return the Equipment to Lessor in good condition with reasonable wear and tear excepted. Lessee shall bear full responsibility for all costs that may be required to remove or otherwise dispose of any PHI that may have been stored within the Equipment, such as wiping, or removing and replacing any hard drives from the Equipment as per the OEM specifications to retain OEM Full-Service Agreement.

18. The liabilities or obligations of Lessee with respect to its activities pursuant to this quote shall be the liabilities or obligations solely of Lessee and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California.

19. **Health Insurance Portability and Accountability Act-HITECH.** Lessor understands that Lessee is a Covered Entity that provides medical and mental health services and that I have no authorization to obtain access to any Protected Health Information ("PHI") in any form. If, in the course of my services, I see or hear 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 Lessee. The privacy and confidentiality of Lessee's patients are protected by Lessee policies and procedures, state laws and regulations and Federal HIPAA Regulations. If appropriate Lessor agrees to execute a business associate agreement with Lessee to supplement this quote if requested, subject to the Parties' agreement upon terms and conditions of the business associate agreement.



20. Disqualified Persons. Lessor represents and warrants that no person providing goods and/or services under the terms of this quote (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 Lessee), (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. Lessor agrees that if any individuals providing goods and/or services under the terms of this quote 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"), Lessor shall immediately notify KMC and such individual shall be immediately removed by Lessor from any functions involving (i) the claims development and submission process, and (ii) any healthcare provider contact related to KMC patients; provided, however, that if Lessor is directly involved in the Enforcement Action, any agreement between Lessee and Lessor shall terminate immediately.

21. Non-collusion Covenant. Lessor 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 quote with Lessee. Lessor has received no incentive or special payments, nor considerations, not related to the provision of services under this quote from Lessee.

22. Lessor warrants possession of clear and unencumbered title to the products and/or may be required to provide proof of insurance for one or more of the following types of insurance coverages as determined by Lessee:

(a) 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.

(b) Commercial General Liability Insurance in the minimum amounts indicated below or such additional amounts as may be determined by the Lessee Risk Manager, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of any quote with Lessee), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of vendor'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.

23. After the initial 4 months of the rental, either party can terminate the agreement with providing 30 days advanced written notice.





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

February 18, 2026

**Subject:** Proposed Retroactive Change Order No. 8 to Agreement 034-2024 with McMurtrey Lince, Inc.

**Recommended Action:** Make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of State CEQA Guidelines; Approve; Authorize Chairman to sign; Authorize the Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price

**Summary:**

Kern Medical requests your Board approve proposed retroactive Change Order No. 8 to the Agreement with McMurtrey Lince, Inc., in the amount of \$163,914 for unforeseen conditions and scope adjustments for the Pediatric Emergency Department under construction in E-wing.

On September 18, 2024, your Board approved an agreement with McMurtrey Lince, Inc., in the amount of \$3,398,010 with authorization for the Chief Executive Officer to execute future change orders in an amount not to exceed 10% the total contract price, to construct the new pediatric emergency department.

On May 28, 2024, the Chief Executive Officer approved Change Order No. 1 in the amount of \$93,186 to upgrade the existing visitors' restrooms, address existing fire penetration conditions, and modifications to the ballistic materials at the triage station.

On July 10, 2024, the Chief Executive Officer approved Change Order No. 2, in the amount of \$26,862 to upgrade the signage package, install two fire smoke dampers, address discovered fire rating at existing conditions and ducting modifications at various locations.

On August 19, 2024, the Chief Executive Officer approved Change Order No. 3, in the amount of \$122,557 to complete electrical load testing, install additional smoke dampers, upgrade the security recording system and modifications to two electrical panels.

On September 18, 2024, the Chief Executive Officer approved Change Order No. 4, in the amount of \$416,405, to provide compensation to the contractor to install a new air handler as required by Department of Health Care Access and Information (HCAI) to meet air regulatory requirements

On September 27, 2024, the Chief Executive Officer approved Change Order No. 5 in the amount of \$220,806 to install a temporary air handler and ballistic-rated doors and windows to allow the new space to open due to extended lead times for permanent equipment. The installation of controlled access for the two new fast-track and registration offices, privacy curtains for the exam rooms, and the relocation of an existing sprinkler line in Exam Room 1 due to interference with the current sprinkler system.

On December 6, 2024, the Chief Executive Officer approved Change Order No. 6 in the amount of \$62,220 to modify and add additional devices to the new Nurse Call system in the Triage and Pediatric Department, design revisions to accommodate the weight of the new ballistic doors in compliance with code requirements, modifications to the existing T-bar ceiling system in the lobby to meet code, and the provision of required temporary signage to allow the opening of Phase I.

On April 15, 2025, the Chief Executive Officer approved Change Order No. 7, in the amount of \$15,133 for restroom modifications and full tile replacement, removal of a damaged, inlaid floor mat and replacement of damaged lobby tile, design revisions for window framing, access hatches, exit signage, and fire-life safety systems, and installation of additional fire/smoke dampers due to discrepancies between as-built drawings and actual duct routing. Additional work includes mechanical, electrical, and plumbing corrections, interior finish revisions for consistency, nurse call system enhancements, and installation of code-compliant door hardware and shelving.

This proposed Change Order No. 8 in the amount of \$163,914 provides compensation to the contractor to address existing conditions, design deficiencies, and operational needs, including replacement of damaged floor tiles, inspection and modification of existing ductwork, condensate piping, hydronic systems, exhaust fans to resolve air flow issues, and concrete curbs to accommodate the new air handler, installation of additional data drops, modifications to corridor doors, access controls, and door hardware to meet code and correct design errors and installation of additional fire/smoke dampers for code compliance. To minimize disruption to facility operations, the new air handler was installed during off-hours.

The proposed change is retroactive as these design changes were necessary to secure the final approval of HCAI in preparation of opening the Pediatric Emergency Department and needed to be completed before this change order could be brought before your Board.

Therefore, it is recommended that your Board make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of State CEQA Guidelines; approve the change order with McMurtrey Lince, Inc. in the amount of \$163,914 for a new total of \$3,860,083; authorize the Chief Executive Officer to sign future change orders up to 10% of the contract amount, for a new potential not to exceed amount of \$4,246,092; approve and authorize Chairman to sign

# CHANGE ORDER

**PROJECT:**

ED - New Pediatric Wing  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

**PROJECT NO.:** 10079  
**CONTRACT NO.:** 034-2024

**CONTRACTOR:**

McMurtrey Lince  
1025 Espee Street  
Bakersfield, CA 93301

**CHANGE ORDER NO.:** Eight (8)

**DATE:** February 18, 2026

	<b>DESCRIPTION OF CHANGE</b>	<b>ADD</b>	<b>DEDUCT</b>
1	Provide all labor, material and equipment to repair floor tiles in the Lobby.	\$5,273.00	
2	Provide all labor, material and equipment to complete ducting inspections.	\$5,852.00	
3	Provide all labor, material and equipment to modify existing condensate line for new air handler.	\$15,329.00	
4	Provide all labor, material and equipment to install additional data drops.	\$2,191.00	
5	Provide all labor, material and equipment to make modifications to the existing hydronic system to accommodate the new air handler.	\$60,010.00	
6	Provide all labor, material and equipment to install new exhaust fan.	\$21,561.00	
7.	Provide all labor, material and equipment to modify access control at existing corridor door to meet code.	\$6,641.00	
8	Provide all labor, material and equipment to modify the lock set at door 103.	\$2,501.00	
9.	Provide all labor, material and equipment to modify fire alarm devices to meet code.	\$16,030.00	
10	Labor costs for Sunday work to install the new air handler.	\$17,500.00	
11	Provide all labor, material and equipment to install a new roof curb to accommodate the new air handler.	\$11,026.00	
	<b>CHANGE ORDER NO. 8</b>	<b>TOTAL (ADD)</b>	<b>\$163,914.00</b>
	<b>CHANGE ORDER NO. 7</b>	<b>TOTAL (ADD)</b>	<b>\$15,133.00</b>
	<b>CHANGE ORDER NO. 6</b>	<b>TOTAL (ADD)</b>	<b>\$62,220.00</b>
	<b>CHANGE ORDER NO. 5</b>	<b>TOTAL (ADD)</b>	<b>\$220,806.00</b>

CHANGE ORDER NO. 4	TOTAL (ADD)	\$416,405.00
CHANGE ORDER NO. 3	TOTAL (ADD)	\$122,557.00
CHANGE ORDER NO. 2	TOTAL (ADD)	\$26,862.00
CHANGE ORDER NO. 1	TOTAL (ADD)	\$93,186.00
ORIGINAL CONTRACT PRICE		\$2,739,000.00
NEW CONTRACT AMOUNT		\$3,860,083.00

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

- 1 There were several existing damaged floor tiles in the ED Lobby that needed to be replaced for a clean new finish.
- 2 Due to air flow problems, inspection of existing ducting was required.
- 3 The existing condensate line at the air handler had to be modified to meet the needs for the new unit.
- 4 Additional data drops were requested.
- 5 The existing hydronic system required modifications to meet the needs for the new air handler.
- 6 Due to air flow problems, the existing exhaust fan had to be changed out to a larger size.
- 7 The existing corridor doors did not meet code, requiring modifications to existing access controls.
- 8 Due to design errors with the door hardware, the lock set at Door 103 hardware had to be modified.
- 9 Additional fire smoke dampers had to be installed to meet code.
- 10 The new air handler was installed on a Sunday to avoid major disruptions to the facility.
- 11 Due to design errors the concrete curb for the new air handler had to be modified from the original design.

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:**  
McMurtrey Lince

**BY:**   
\_\_\_\_\_  
Jim McMurtrey

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

**BY:**   
\_\_\_\_\_  
Phillip Jenkins  
Hospital Counsel

**APPROVED AS TO CONTENT:**

**BY:** \_\_\_\_\_  
Maurice Macare, Arcadis

**BY:** \_\_\_\_\_  
Scott Thygerson, CEO

**BY:** \_\_\_\_\_  
Tyler Whitezell, COO

**KERN COUNTY HOSPITAL AUTHORITY**

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



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

February 18, 2026

**Subject:** Proposed Retroactive Lease Agreement of 9300 Stockdale Hwy, Suite 200, Bakersfield, CA 93311

**Recommended Action:** Approve; Authorize Chief Executive Officer to sign

**Summary:**

Kern County Hospital Authority is requesting your Board's approval of the proposed Lease Agreement with RW Bakersfield LTD, for Suite 200 at approximately 7,496 square feet of clinical space at 9300 Stockdale Hwy, Suite 200, Bakersfield, California, in the amount of \$5,290,050, over 10 years, commencing January 1, 2026 and expiring December 31, 2035.

This suite currently serves the Stockdale community in by providing essential medical services for surgical care. This location has strengthened our ability to reach more patients and will remain an important foundation as we continue expanding our medical service offerings. This agreement is being provided retroactive due to delayed responses from the landlord, however, your Board was previously notified that negotiations were ongoing and the agreement would be forthcoming.

Therefore, it is recommended that your Board approve the Lease Agreement with RW Bakersfield LTD, effective January 1, 2026, over ten (10) years and expiring December 31, 2035, for a total payable amount of \$5,290,050, and authorize Chief Executive Officer to sign.

**AGREEMENT FOR LEASE OF 9300 STOCKDALE HIGHWAY,  
SUITE #200, BAKERSFIELD, CA**

(Kern County Hospital Authority – RW Bakersfield LTD.)

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**AGREEMENT FOR LEASE OF 9300 STOCKDALE HIGHWAY,  
SUITE #200, BAKERSFIELD, CA**

(Kern County Hospital Authority – RW Bakersfield LTD.)

**THIS AGREEMENT (“Agreement”)** is executed in Bakersfield, California, on February 11, 2025 (“**Execution Date**”), by and between the **KERN COUNTY HOSPITAL AUTHORITY**, a local unit of government, which owns and operates Kern Medical Center (“**KCHA**”) and **RW BAKERSFIELD LTD.**, a California partnership (“**Lessor**”). KCHA and Lessor are referred to individually as a “**Party**” and collectively as the “**Parties.**”

**RECITALS:**

- A.** Lessor owns real property described as Assessor’s Parcel Number 390-380-13-00-3, and located at 9300 Stockdale Highway, Bakersfield, County of Kern, State of California (“**Property**”).
- B.** KCHA has a need for medical office space to be used by Kern Medical Center (“**Kern Medical**”).
- C.** Lessor and KCHA desire to enter into an Agreement to allow KCHA to utilize a portion of the Property as medical offices to support Kern Medical’s medical practice in Suite #200.
- D.** Pursuant to Section 101855(a)(5) of the Health and Safety Code, KCHA may lease property of any kind necessary or convenient to perform its functions.

**AGREEMENT:**

- 1. Premises:** For and in consideration of the terms, covenants, and conditions contained in this Agreement, Lessor leases to KCHA, and KCHA leases from Lessor, exclusive use of 9300 Stockdale Highway, Suites #200, Bakersfield, CA (“**Premises**”). The Premises consists of approximately 6,931 usable/7,496 rentable square feet. The premises shall also include non-exclusive use of all the parking for the River Walk Medical Plaza based on the current City of Bakersfield parking requirements of one space for every 200 rentable square feet.
- 2. Term:** The initial term of this Agreement (“**Term**”) shall commence on January 1, 2026, and terminate 10 years thereafter, unless extended or sooner terminated as provided in this Agreement.
- 3. Option to Extend Term:** Provided KCHA is not in default of any of the terms, covenants, or conditions of this Agreement, beyond applicable cure periods, Lessor hereby grants to KCHA a five (5) -year option to renew and extend this Agreement from and after the expiration of the initial Term. KCHA may exercise said option by giving Lessor written notice of its intention to do so not less than 9 months and no more than 12 months prior to the expiration of the initial Term. All terms, covenants and conditions of this Agreement, excepting the amount of rent to be paid, subject to **Section 6**, shall remain in effect. If option is exercised, “**Term**” shall include the option term. “**Term**” shall also include any hold over period.

4. **Right to Terminate:** KCHA shall have the one-time right to terminate the Agreement at the end of the 5<sup>th</sup> lease year, provided **i)** Kern Medical's budget warrants a reduction in service areas due to a non-profitable operation for the eighteen (18) months prior to the election to terminate, and provides Lessor reasonable evidence thereof in writing; and **ii)** KCHA provides Lessor a 12-month prior written notice (i.e., such notice must be given by the end of the 4<sup>th</sup> year of the Term). Should KCHA exercise its termination right, KCHA shall pay to Lessor the unamortized balance of: **i)** the cost of the tenant improvements provided to Tenant and paid for by Landlord amortized at WSJ Prime Rate plus 2% (currently 7.0% +2 %= 9.0%) over the Extended Term; and **ii)** a payment equal to Rent for the 11.5 months after the termination date (collectively, "**Termination Payment**"). One-half (50%) of the Termination Payment shall be paid to Lessor with the termination notice, and the remaining half shall be paid to Lessor 60 days prior to the termination date. Terms in this **Section 4** are further defined in **Section 8**.

5. **Hold Over:** If KCHA holds over after the expiration of the Term with the express or implied consent of Lessor, such holding over shall be a tenancy only from month to month and shall be governed by the terms, covenants, and conditions contained in this Agreement, except that KCHA shall pay Rent at a rate equal to either **a)** 105% of the rate in effect for the last month of the Term if Lessor has consented to such hold over, or **b)** 125% of the rate in effect for the last month of the Term if Lessor has not consented to such hold over. If the Parties are engaged in good faith written negotiations to extend the Term at the time of such holdover, then such negotiations shall constitute implied consent to hold over during the period in which negotiations continue.

6. **Rent:**

**a. Amount and Payment** – As and for consideration, KCHA agrees to pay, in lawful money of the United States, to RW Bakersfield LTD. at c/o Pacific Coast Commercial, 10721 Treena Street, Suite #200, San Diego, CA 92131, Lessor, or such person or persons and at such place or places as may be designated from time to time by Lessor. "**Base Rent**" shall be \$4.02 per square foot for the first year of the Term, subject to the Increase (defined below) for each year thereafter. "**Additional Rent**" shall be deemed the Triple Net Rate (defined below) and any other amounts due and payable by KCHA to Lessor pursuant to this Agreement. Base Rent and Additional Rent are sometimes herein collectively referred to as "**Rent.**" The monthly Base Rent and estimated Triple Net Rate for the first year of the Term shall be \$5.13 per square foot, which is calculated by adding: **i)** \$4.02 per rentable square foot for rent, and **ii)** \$1.11 per rentable square foot for triple net fees. The first monthly payment of Rent shall be paid within 30 days of the Acceptance Date, and thereafter for the balance of the Term, shall be paid on or before the first day of each month. Each monthly Rent payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month. In the event KCHA occupies the Premises for a partial month at any time, KCHA shall only be responsible for a prorated portion of the monthly rental consideration.

**b. Rental Increases** – On the first Anniversary Date of the Commencement Date and continuing annually thereafter during the Term (including during the extension term), Base Rent will increase by 3% over and above the previous year's Base Rent ("**Increase**"). The Increase does not apply to the triple net fees.

**c. Triple Net Fees** – The Parties acknowledge that KCHA will pay Lessor a monthly fee for operating expenses, taxes, insurance, etc., as defined in **Section 6.a** in addition to Base Rent. The estimated triple net fees for the calendar year 2025 are \$1.11 per rentable square foot per month, which is subject to change annually based on actual expenses ("**Triple Net Rate**"). Lessor shall provide KCHA an annual expense statement ("**Expense Statement**")

detailing the actual expenses, KCHA's share, and the new Triple Net Rate. Upon receipt of the Expense Statement for each calendar year, KCHA shall pay the new Triple Net Rate, less any overpaid amounts based on the previous year's Triple Net Rate. At Lessor's option, any overpayment of expenses may be refunded to KCHA within 30 days of Lessor's delivery of the new Expense Statement setting forth such overpayment amounts, or may be credited toward KCHA's next installment of Rent. Upon written request by KCHA no later than sixty (60) days after delivery of the new Expense Statement (an "**Audit Notice**"), Lessor agrees to allow KCHA to audit all documents used to calculate the Triple Net Rate at KCHA's cost and expense; provided, that such audit is conducted within six (6) months of such Audit Notice.

**d. Janitorial** – KCHA shall, at its sole cost, contract for janitorial services for the Premises.

**e. No Aggregate Indebtedness** – In accordance with Article XVI, section 18 of the California Constitution, this Agreement creates no immediate indebtedness for the aggregate monthly rental payments, but rather confines the liability of the KCHA to each month's rental payment as it falls due. Further, each month's rental payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month. To the extent permitted by Article XVI, section 18 of the California Constitution, Lessor may recover damages as provided by California Civil Code 1951.2.

**7. Purpose:**

**a. General** – The Premises shall be used as medical office space. KCHA shall not use or permit the Premises to be used for any other purpose without the prior written consent of Lessor.

**b. No Nuisance** – Lessor shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of KCHA, or injure KCHA. Lessor and KCHA shall not cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose. Lessor further agrees, within four (4) business days from receiving written notice by KCHA that a nuisance exists, to abate or otherwise cause the nuisance to be cured. If Lessor has not taken corrective action within four (4) business days or commenced to cure (if such nuisance cannot be cured within (4) business days), then KCHA may enter and abate the nuisance at the sole but reasonable cost of Lessor.

**c. Hazardous Materials** – KCHA shall not use or allow another person or entity to use any part of the Premises or the Property for the storage, use, treatment, manufacture or sale of Hazardous Materials (as defined in **Exhibit "C"**). Neither KCHA nor its agents, employees, contractors, licensees, sublessees, assignees, concessionaires or invitees shall use, generate, handle, store, treat, practice or dispose of any hazardous or toxic substance, material or waste which is or becomes regulated by an applicable law, in, on, under or about the Premises or the Property, except as is customary with KCHA's intended use of the Premises. KCHA shall follow all applicable laws governing the use and disposal of medical Hazardous Materials.

**8. Construction of Improvements:** Lessor has agreed to pay for the costs of the first \$126, 676.27 of floor covering at no cost to KCHA ("**Allowance**") toward the tenant improvements requested by KCHA ("**Improvements**"), Lessor will reimburse KCHA within 45 days after receipt of all lien releases, if any, and proof of payment.

**9. Intentionally Deleted**

**10. Intentionally Deleted**

**11. Alterations:** KCHA shall have the right to make certain changes to interior walls, plumbing and electrical wiring in the Premises for the accommodation of KCHA's use and changing needs, subject to Lessor's prior written consent, which shall not unreasonably be withheld, and such request for consent shall be accompanied with a copy of such plans or drawings. Except as provided in the preceding sentences, KCHA shall not perform any exterior or structural alterations, or interior alterations of any nature the costs of which exceed \$25,000, without the prior written consent of Lessor; provided, that KCHA shall provide Lessor with prior written notice of such alterations, such alterations are cosmetic in nature, and such alterations do not affect the systems or structure of the Property. Otherwise, KCHA shall not make any alterations, physical additions, improvements or partitions or install any fixtures or equipment without obtaining the prior written consent of Lessor. All alterations shall be performed in accordance with all applicable laws.

**12. Repair and Maintenance:**

**a. Lessor's Responsibilities** - To provide a clean, sanitary and safe environment for KCHA, Lessor shall maintain all structural portions of the Premises, exterior and interior, including roof, common areas, plumbing, air conditioning (including periodic changing of air conditioning filters), heating, electrical systems, building and parking lot lighting fixtures, including ballast and lamp replacement, glass replacement, exterior painting, and annual servicing of fire extinguishers, but not including the emergency back-up generator. Unless approved by KCHA in writing, all interior maintenance shall be performed during non-business hours as to not unreasonably interfere with KCHA's activities. Lessor shall be responsible for pest control, landscaping, sprinklers, and parking lot maintenance and upkeep. Lessor's maintenance responsibility shall be performed to the reasonable satisfaction of KCHA in accordance with commercially reasonable standards for a Class A medical office building.

**b. KCHA's Responsibilities** - KCHA shall maintain and repair the interior of the Premises and any specialized improvements at its sole cost and expense. The term "specialized improvements" for purposes of this Agreement include, without limitation, specialized HVAC maintenance and/or filtering systems, gas and aired lines, medical gas distribution, humidifiers, water heaters within the suite, surgical lighting, exhaust fans, vacuum and suction systems, air compressors, and the back-up generator. KCHA will not be responsible for any capital repairs or replacements (i.e., replacement of an air conditioning unit) unless such replacement is required due to the negligent acts of KCHA that surpass normal wear and tear. Notwithstanding the foregoing, to the extent that KCHA or its invitees negligently cause damage to the Premises, KCHA shall be responsible for such damage.

**c. Response Time Line** - If Lessor has not commenced to perform maintenance and replacement obligations to the Premises in strict compliance with this **Section 12.a** within five (5) business days after written notice to Lessor by KCHA, of a specific condition needing correction, or if such maintenance or replacement obligations cannot be completed within five (5) business days, and Lessor is not diligently pursuing such completion, then KCHA may, but shall not be required to, following written notice to Lessor and an opportunity to cure, undertake such obligations, and all actual and reasonable costs and expenses incurred by KCHA as a result thereof shall be deducted from any rent or other payment due or to become due hereunder.

**d. Emergency** - Such five (5) business day notice provision shall not apply to emergency items that constitute a hazard to the health or safety of KCHA's employees, property or invitees, as reasonably determined by KCHA, in which event KCHA shall have the option

of having the emergency repair or maintenance issue corrected immediately, subject to the terms thereof. KCHA shall notify Lessor within 24 hours of the occurrence of any and all maintenance items that require emergency action. In the event that Lessor (or its agents or employees) cannot be reached or is not able to have the repair or maintenance item or items corrected promptly, then KCHA can take reasonably necessary measures to address such emergency. All actual and reasonable costs incurred by KCHA for repairs to prevent further damage shall be deducted from any Rent or other payment due or to become due hereunder. Workmanship and costs thereof shall be consistent with the industry standards and rates.

**e. Failure by Lessor to Repair and Maintain** - Repairs and maintenance shall be to the reasonable satisfaction of KCHA, and if Lessor fails to fulfill any duty imposed under this **Section 12** within such periods of time set forth in this **Section 12**, KCHA may, but is not required to, perform those duties at Lessor's sole but reasonable cost as provided herein. Lessor shall promptly and reasonably cooperate with KCHA if KCHA undertakes to perform any such duties. No action by KCHA taken pursuant to **Section 12.e** shall constitute a waiver of any of Lessor's obligations under this **Section 12**. Lessor's obligations under this **Section 12** shall survive the expiration or termination of this Agreement.

**13. Utilities and Services; Modification of Utilities**: Throughout the Term or any holding over of the Term, KCHA shall pay for all utilities used by KCHA in connection with its operation on the Premises. The term "utilities" for the purposes of this Agreement shall include, without limitation, gas, electricity, water, sewer, and trash and refuse disposal services, which shall, if appropriate per this Lease, be proportionally charged by Lessor to KCHA. KCHA shall be solely responsible for any hazardous waste removal and disposal created by the medical practice on the Premises.

**14. Taxes and Assessments**: Lessor shall be responsible for and shall pay all taxes and assessments in connection with the Premises. The annual fees for applicable taxes and assessments are included in the triple net fees paid monthly by KCHA as detailed in **Section 6.c**.

**15. KCHA's Furniture, Fixtures and Equipment**: KCHA may install its own furniture, fixtures and equipment ("FF&E") in the interior of the Property, at its sole cost, and such FF&E shall remain the property of KCHA, including but not limited to the x-ray unit, and sterilizers. In addition to KCHA's obligations under **Section 30**, at the expiration or termination of this Agreement, KCHA shall remove its FF&E from the Premises, unless a prior written agreement with Lessor provides for KCHA's FF&E to remain on the Premises. KCHA shall repair any damage to the Property as a result of removal of the FF&E, at KCHA's sole but reasonable cost. Notwithstanding the foregoing, any FF&E that constitutes a permanent improvement shall remain on the Property following expiration or termination of this Agreement (unless Lessor consents to the removal thereof).

**16. Signs**: KCHA, at its sole cost, shall have the right to install signs to identify the Premises, and such signs shall comply with all applicable laws, including those of KCHA, and any installation of signage shall be approved by Lessor in writing prior to installation. KCHA shall pay any damage to the Premises occasioned by the installation and maintenance of any such sign, and the cost of removal or obliteration thereof upon the expiration or termination of this Agreement.

**17. Damage and Destruction**: If the Premises is damaged or destroyed by fire or casualty, not the fault of KCHA or any person in or about the Premises with the express or implied consent of the KCHA, the damaged Premises shall be repaired by Lessor at its sole cost, with the use of available

insurance proceeds required under **Section 22.c**, or Lessor or KCHA may, at its option terminate this Agreement subject to the terms of this **Section 17**. In the event that Lessor elects to repair the damaged Premises, this Agreement shall continue in full force and effect except those certain obligations of KCHA may be subject to Force Majeure as provided in **Section 26**. Notwithstanding the foregoing, Lessor may elect not to rebuild and terminate this Agreement if **i**) the repairs cannot be completed within one hundred eighty (180) days of the date of damage; **ii**) the mortgage holder requires that the insurance proceeds be used to prepay the loan or portion thereof; or **iii**) the damage is not fully covered by Lessor's insurance policies. If the repairs cannot be completed within one hundred eighty (180) days after the necessity for the repairs becomes known to Lessor, or if the extent of the damage renders more than 50% of the Premises unusable, then KCHA may terminate this Agreement by providing written notice to Lessor within thirty (30) days of receiving Lessor's repair estimate.

**18. Condemnation:** If the Premises or Property is condemned for public use by eminent domain proceedings, or if by reason of law, ordinance, regulation, or court judgment, KCHA's use of the Premises leased for the specific purpose specified in **Section 7** is prohibited, then KCHA shall have the right to terminate this Agreement by written notice to Lessor. Rent shall be paid only to the time when KCHA surrenders possession of the Premises. In the event of condemnation of only part of the Premises which does not materially and adversely affect KCHA's ability to conduct business, KCHA shall continue in possession of that part of the Premises not so appropriated or condemned under the same terms, covenants and conditions of this Agreement, except that in such cases, KCHA shall be entitled to an equitable reduction of the rent payment hereunder. The amount of rent reduction shall be calculated by dividing the area of the Premises KCHA is prevented from occupying or using by the total area of the Premises and multiplying that quotient by the monthly rent for the period during which occupancy or use is prevented, or for the next succeeding month, if rent for the period during which occupancy or use is prevented has already been paid. Lessor shall return any rent paid in advance beyond such time to KCHA on demand. Notwithstanding the above, KCHA does not waive any right it may have to recover from the condemnation authority for such damage as it may suffer by reason of such condemnation.

**19. Right of Inspection:** Lessor, and such agents as Lessor may designate, may enter upon the Premises at all reasonable times for the purpose of inspecting, maintaining, repairing, and altering the Premises in a manner consistent with the purpose of this Agreement and in accordance with reasonable commercial practices in the management of property. However, such access may only be obtained upon reasonable notice and accompaniment by an authorized KCHA employee if entry is during non-business hours. KCHA shall provide emergency contact numbers to Lessor for this purpose.

**20. Indemnification:**

**a. In General** – Lessor shall indemnify and defend, upon request of KCHA, KCHA, its governing board, commissions, elected and appointed officials, employees, agents, volunteers, and authorized representatives, and each of them (the "**KCHA Indemnified Parties**"), against any and all actual actions, lawsuits, proceedings, losses, costs, expenses, claims, fines, liabilities, fees and costs of counsel and outside counsel retained by KCHA, costs staff time, investigation, expert and consultant fees and costs, and damages, including liability for personal injuries or death or property damage ("**KCHA Claims**"), arising out of or in any way connected with the negligence, gross negligence, or willful misconduct of Lessor, its employees, agents, independent contractors, or invitees with respect to the Premises ("**Lessor Acts**"), unless the KCHA Claim is due to the negligence, gross negligence, or willful

misconduct of KCHA or any KCHA Indemnified Party. KCHA shall indemnify and defend, upon request of Lessor, Lessor, its officials, employees, agents, partners, affiliates, members, shareholders, directors, contractors, and representatives, and each of them (the “**Lessor Indemnified Parties**”), against any and all actual actions, lawsuits, proceedings, losses, costs, expenses, claims, fines, liabilities, attorneys’ fees, fees and costs of investigation, expert and consultant fees and costs, and damages, including liability for personal injuries or death or property damage (“**Lessor Claims**”), arising out of or in any way connected with the negligence, gross negligence, or willful misconduct of KCHA, its employees, agents, independent contractors, or invitees with respect to the Premises (“**County Acts**”), unless the Lessor Claim is due to the negligence, gross negligence, or willful misconduct of Lessor or a Lessor Indemnified Party.

**b. Environmental** – In addition, Lessor shall indemnify and defend, upon request of KCHA, KCHA and KCHA Indemnified Parties against any and all KCHA Claims arising out of or in any way connected with any pre-existing deposit, spill, discharge, or other release of any Hazardous Materials prior to the Execution Date, or as a result of Lessor’s failure to take any or all steps required by any governmental authority or court which has jurisdiction or by an Environmental Requirements. In addition, KCHA shall indemnify and defend, upon request of Lessor, Lessor and the Lessor Indemnified Parties against any and all Lessor Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials, or as a result of KCHA’s failure to comply with the terms and covenants hereof or take any or all steps required by any governmental authority or court which has jurisdiction or by any Environmental Requirements. “**Environmental Requirements**” and “**Hazardous Materials**,” as used in this Agreement shall have the meaning provided in **Exhibit “C.”**

**c. Survival of Indemnification Obligations** – Lessor’s and KCHA’s obligations under this **Section 20** shall survive the expiration or termination of this Agreement.

**21. KCHA Maintenance of Insurance:**

**a. KCHA’s Insurance Requirements** – During the Term, KCHA shall maintain the following insurance coverage: **i)** Commercial General Liability Insurance, on an occurrence basis, with a combined single limit of not less than \$4,000,000 per occurrence and \$5,000,000 in the annual aggregate, including owners and contractors protective coverage, blanket contractual coverage, and personal injury coverage, covering the insuring provisions of this Agreement and the performance of KCHA of the indemnity and exemption of Lessor from liability agreements set forth herein; **ii)** a policy of standard fire, extended coverage and special extended coverage insurance (all risks), including a vandalism and malicious mischief endorsement, sprinkler leakage coverage and earthquake sprinkler leakage where sprinklers are provided in an amount equal to the full replacement value new without deduction for depreciation of all (A) Improvements, alterations, fixtures and other improvements in the Premises, and (B) trade fixtures, furniture, equipment and other personal property installed by or at the expense of County; **iii)** Workers’ Compensation coverage as required by law; and **iv)** business interruption, loss of income and extra expense insurance covering any failure or interruption of KCHA’s business equipment (including, without limitation, telecommunications equipment) and covering all other perils, failures or interruptions sufficient to cover a period of interruption of not less than twelve (12) months. KCHA shall carry and maintain during the entire Term such other insurance policies covering the Premises and KCHA’s operations therein, as may be reasonably required by Lessor.

**b. Form of Policy** – The minimum limits of policies of insurance required of KCHA under this Agreement shall in no event limit the liability of KCHA under this Agreement. The Commercial General Liability Insurance policy shall name Lessor, Lessor’s property manager, Lessor’s lender(s), and such other persons as Lessor specifies from time to time, as additional insureds with an appropriate endorsement to the policy(s). All such insurance policies carried by KCHA shall be with companies having a rating of not less than A-VIII in Best’s Insurance Guide. KCHA shall furnish to Lessor certificates of coverage. The deductible under each such policy shall be reasonably acceptable to Lessor. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days prior written notice to Lessor by the insurer. All such policies shall be endorsed to agree that KCHA’s policy is primary and that any insurance carried by Lessor is excess and not contributing with any KCHA insurance requirement hereunder. KCHA shall, prior to the expiration of such policies, furnish Lessor with renewals or binders. KCHA agrees that if KCHA does not take out and maintain such insurance or furnish Lessor with renewals or binders in a timely manner, Lessor may (but shall not be required to) procure said insurance on KCHA’s behalf and charge KCHA the cost thereof, which amount shall be payable by KCHA upon demand with interest (at the rate set forth in **Section 24.b.iii**) from the date such sums are expended. KCHA shall have the right to provide such insurance coverage pursuant to blanket policies obtained by KCHA, provided such blanket policies expressly afford coverage to the Premises and to KCHA as required by this Agreement insurer.

**c. Waiver of Subrogation** – Lessor and KCHA each agree to require their respective insurers issuing the insurance with respect to the Property or Premises to waive any rights of subrogation that such companies may have against the other Party. KCHA hereby waives any right that KCHA may have against Lessor and Lessor hereby waives any right that Lessor may have against KCHA as a result of any loss or damage to the extent such loss or damage is insurable under such policies.

**d. KCHA Self-Insurance** – KCHA is self-insured for Professional Liability, General Liability, Automobile Liability and Workers’ Compensation. KCHA carries excess insurance, for the above insurances, providing coverage above KCHA’s self-insured retention (deductible) that varies based on the type of insurance. Medical Malpractice (Professional Liability) insurance policy coverage starts at \$2,000,000. All exposures, including contractual liability, arising out of KCHA operations are covered by KCHA’s self-insurance program undertaken pursuant to California Government Code Section 990. Under KCHA’s self-insurance program, KCHA will bear all risk of bodily injury and property damage losses that are the responsibility of KCHA under current law and contracts. This program is currently in effect and will remain in effect as renewed each year by KCHA.

**22. Lessor Maintenance of Insurance:** Lessor shall secure and maintain insurance as described below. Lessor shall obtain all insurance required under this **Section 22**. Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of these insurance requirements. The authorized representative of the insurance company shown on the certificate must sign the required documents. Lessor shall promptly deliver a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the Term, or as otherwise specified herein. Such certificates and endorsements shall be delivered to KCHA prior to the expiration date of any policy.

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

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

ii. **Workers' Compensation Insurance – Lessor Subcontractors** – Lessor shall require any subcontractors to provide workers' compensation for all of the subcontractors' employees. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Lessor shall require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered.

iii. **Employer's Liability Insurance** – If Lessor has employees who may perform any services pursuant to this Agreement, Lessor shall also maintain employer's liability insurance with limits of \$1,000,000 for bodily injury or disease.

b. **Liability Insurance Requirements**

i. **In General** – Lessor shall maintain in full force and effect, at all times during the Term, the following insurance:

A) **Commercial General Liability Insurance**, including Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage. The Commercial General Liability Insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Lessor shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

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

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

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

c. **Fire and Casualty Insurance** – Lessor shall, at its sole cost, maintain on the Property a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least 100% of full replacement value. The insurance policy shall be issued in the names of Lessor, and any lender, as their interests appear. The insurance policy shall provide that any proceeds shall be made payable to Lessor, and Lessor shall apply and use such proceeds as required by **Section 17**, subject to the priority rights

of any lender. Such insurance shall satisfy the requirements of this **Section 22.c**, and shall be issued by a company or companies satisfying the requirements of **Section 22.e**.

**d. Cancellation of Insurance** – The above-stated insurance coverages required to be maintained by Lessor shall be maintained until the completion of all of Lessor’s obligations under this Agreement. Lessor shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

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

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

**23. Breach by Lessor:** In the event of a breach by Lessor of any term, covenant, or condition of this Agreement, Lessor shall have 30 days after KCHA has given written notice to Lessor to cure; or such longer period if such obligation cannot be cured within such 30-day period.

**24. Breach by KCHA; Lessor’s Remedies:**

**a. Breach by KCHA** – The occurrence of any of the following shall constitute a default of this Agreement by KCHA:

**i. Monetary Breach** – Any failure by KCHA to pay any Rent or any other charge required to be paid under this Agreement, or any part thereof, when due. KCHA shall not be in monetary breach before Lessor provides written notice to KCHA and KCHA has 7 business days to cure; said 7 business-day period shall be in lieu of, and not in addition to, the notice requirements of Section 1161 of the California Code of Civil Procedure or any similar or successor law.

**ii. Non-Monetary Breach** – In the event of a breach by KCHA of any term, covenant or condition of this Agreement, other than the payment of Rent which is covered by **Section 24.a.i**, where such breach continues for 30 days after written notice has been given to KCHA by Lessor unless such shorter time is set forth in this Agreement.

**iii. Abandonment** – In the event KCHA abandons or vacates the Premises or any significant portion thereof.

**iv. Taking** – The taking in execution or by similar process or law (other than eminent domain) of the estate hereby created.

**v. Bankruptcy** – The filing by KCHA hereunder in any court pursuant to any statute of a petition in bankruptcy or insolvency or for reorganization or arrangement for the appointment of a receiver of all or a portion of KCHA’s property; the filing against KCHA of any such petition, or the commencement of a proceeding for the appointment of a trustee, receiver or liquidator for KCHA or property thereof, or a proceeding by any governmental authority for the dissolution or liquidation of KCHA, if such proceeding shall not be dismissed or trusteeship discontinued within thirty (30) days after commencement of such proceeding or

the appointment of such trustee or receiver; or the making by KCHA hereunder or an assignment for the benefit of creditors. KCHA hereby stipulates to the lifting of the automatic stay in effect and relief from such stay for Lessor in the event KCHA files a petition under the United States Bankruptcy laws, for the purpose of Lessor pursuing its rights and remedies against KCHA under this Agreement.

**b. Lessor's Remedies upon Default** – Upon the occurrence of any default by KCHA, Lessor shall have, in addition to any other remedies available to Lessor at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

**i.** Terminate this Agreement, in which event KCHA shall immediately surrender the Premises to Lessor, and if KCHA fails to do so, Lessor may enter upon and take possession of the Premises and expel or remove KCHA and any other person who may be occupying the Premises or any part thereof, and Lessor may recover from KCHA the following, in each case **SUBJECT TO SECTION 24.b.ii**: **i)** the worth at the time of award of any unpaid rent which has been earned at the time of such termination (including the Allowance and Additional Allowance); plus **ii)** the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that KCHA proves could have been reasonably avoided; plus **iii)** the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that KCHA proves could have been reasonably avoided; plus **iv)** any other amount necessary to compensate Lessor for all the detriment proximately caused by KCHA's failure to perform its obligations under this Agreement or which in the ordinary course of things would be likely to result therefrom; and **v)** such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The term "rent" as used in this Section shall be deemed to be and to mean all sums of every nature required to be paid by KCHA pursuant to the terms of this Agreement. As used in clauses **i)** and **ii)** above, the "worth at the time of award" shall be computed at an interest rate of ten percent (10%) per annum, but in no case greater than the maximum amount of such interest permitted by law. As used in clause **iii)** above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). In addition and notwithstanding anything to the contrary, Lessor shall not have the remedy described in California Civil Code Section 1951.4.

**ii.** Notwithstanding anything to the contrary Lessor acknowledges and agrees that the obligation of KCHA to pay Rent under this Agreement is contingent upon the availability of KCHA funds that are appropriated or allocated by the KCHA Board of Governors for payment of Rent, as provided in **Section 6**. Accordingly, in the event that this Agreement is terminated due to an uncured default of KCHA, Lessor may declare all rental payments to the end of KCHA's current fiscal year to be due, including any delinquent Rent from prior budget years. However, in no event shall Lessor be entitled to a remedy of acceleration of the total rental payments due over the Term. The Parties acknowledge and agree that the limitations set forth above are required by Article XVI, section 18 of the California Constitution and supersedes any law, rule, regulation or statute that conflicts with the provisions of this **Section 24.b**. The foregoing shall not affect KCHA's obligation to reimburse Lessor for unamortized tenant improvement costs that Lessor has incurred in connection with this Agreement, which shall be due in the case this Agreement is terminated due to an uncured default by KCHA.

iii. In addition to such interest, if Rent or the Additional Allowance is not paid when due, a late charge equal to twelve percent (12%) of the amount overdue or One Hundred Dollars (\$100), whichever is greater, shall be immediately due and owing and shall accrue for each calendar month or part thereof until such rental, including the late charge, is paid in full.

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

26. **Force Majeure:**

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

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

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

28. **Assignment and Subletting:**

a. **No Assignment or Subletting** – KCHA shall not sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or any of its rights and interests hereunder, including its leasehold rights and interest granted by this Agreement, without the prior written consent of Lessor (which shall not be unreasonably withheld); provided, that i) KCHA notifies Lessor at least thirty (30) days prior to the effective date and promptly supplies Lessor with any documents or information reasonably requested by Lessor regarding such assignment or sublet, and ii) the assignee assumes, in full, the obligations of KCHA under this Agreement.

b. **No Waiver or Limitation on Consent** – Any consent to any different or subsequent sublease, assignment, transfer, mortgage, or conveyance shall not be deemed or

construed as consent to any different or subsequent sublease, assignment, transfer, mortgage, or conveyance. This clause shall not be construed to limit any right or remedy which Lessor may become entitled to as a matter of law or become entitled to by reason of KCHA's actions or failures to act.

**29. Subordination, Non-Disturbance and Attornment:** KCHA shall not be required to subordinate its rights under this Agreement to the lien of any mortgage or deed of trust, to any bank, insurance company or other lending institution, hereafter in force against the Premises, unless KCHA first obtains, from such lender, a non-disturbance agreement providing that, after any foreclosure, and so long as KCHA is not in default hereunder, this Agreement shall remain in full force and effect for the full term hereof. In the event any proceedings are brought for foreclosure or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Lessor covering the Premises, KCHA shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Lessor under this Agreement.

**30. Surrender of Premises:** On the last day of the Term, or sooner termination of this Agreement, KCHA shall peaceably and quietly leave, surrender, and yield up to Lessor the Premises in as good a condition and state of repair as it existed on the Acceptance Date, subject to damage by Force Majeure, and shall comply with **Section 15** relating to its FF&E. By the expiration or termination date, KCHA shall have paid all utility bills and contacted the appropriate utility companies to have the utility services properly discontinued or transferred.

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

To Lessor: RW Bakersfield LTD.  
c/o Pacific Coast Commercial  
Attn: Robert Phillips and Jay Jackson  
10721 Treena Street, Suite 200  
San Diego, CA 92131  
Fax: (858) 560-5604  
Email: [robert@pacificcoastcommercial.com](mailto:robert@pacificcoastcommercial.com) and  
[jay@pacificcoastcommercial.com](mailto:jay@pacificcoastcommercial.com)

Rental Payments: Kern Medical Center  
Attn: Finance Department  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

To KCHA: Kern Medical Center  
Attn: Chief Executive Officer  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

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

**32. Authorized Agent of KCHA:** Kern Medical Center's Chief Executive Officer is the duly authorized agent of Kern County Hospital Authority for purposes of this Agreement.

**33. Miscellaneous Provisions:**

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

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

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

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

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

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

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

**h. Compliance with Laws** – KCHA and Lessor shall comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to the use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises.

i. **Successors** – Subject to **Section 30**, all terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

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

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

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

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

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

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

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

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

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

s. **Tenant Estoppels** – Within twenty (20) days following a request in writing by Lessor, KCHA shall execute and deliver to Lessor an estoppel certificate, indicating: **i)** that this Agreement is unmodified and in full force and effect; **ii)** the dates to which Rent and other charges are paid in advance, if any; **iii)** acknowledgement that there are no uncured defaults on the part of Lessor hereunder, or specifying such defaults, if any are claimed; and **iv)** such other matters requested by Lessor and/or any mortgagee (or prospective mortgagee) of Lessor. Failure of KCHA to timely execute and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by KCHA that statements included in the estoppel certificate are true and correct, without exception.

t. **Covenant Against Liens** – KCHA covenants and agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against the Property or the Premises with respect to work or services claimed to have been performed for or materials claimed to have been furnished to KCHA or the Premises, and, in case of any such lien attaching or notice of any lien, KCHA covenants and agrees to cause it to be released and removed of record within twenty (20) days from the date of recordation.

u. **Liability of Lessor** – Notwithstanding anything to the contrary in this Agreement, in the event of any controversy or claim arising out of or relating to this Agreement, the breach hereof, or the transactions contemplated hereby, KCHA acknowledges and agrees

that it shall not seek recourse against any officer, director, principal, manager, employee, agent, or affiliate of Lessor (collectively, “**Lessor’s Affiliated Parties**”) in their personal capacity or in any of their personal assets for satisfaction of any liability with respect to this Agreement. In no event shall KCHA seek to hold Lessor liable for consequential, special, or punitive damages, or loss of business profits. No other property or assets of Lessor or any Lessor Affiliated Party shall be subject to levy, execution, or other enforcement procedure for the satisfaction of KCHA’s remedies under or with respect to this Agreement, Lessor’s obligations to KCHA, whether contractual, statutory or otherwise, the relationship of Lessor and KCHA hereunder, or KCHA’s use or occupancy of the Premises.

v. **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. California Health and Safety Code Section 101853(g).

w. **Broker** – In connection with this Agreement, KCHA represents and warrants that it has had dealings only with Colliers International (“**Broker**”) and that it knows of no other person or entity who is or might be entitled to a commission, finder’s fee or other like payment. Lessor shall pay Broker’s commission pursuant to a separate agreement.

The Parties have executed this Agreement on the Execution Date.

**KERN COUNTY HOSPITAL AUTHORITY**

**RW BAKERSFIELD LTD.**, a  
California partnership  
By RW Bakersfield Investments, Inc.,  
a California corporation, its G.P.

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

Signed by:  
By Steven Goodman  
Steven R. Goodman  
Chief Financial Officer  
"Lessor"

**APPROVED AS TO CONTENT:**  
Kern Medical Center

By \_\_\_\_\_  
Tyler Whitezell, Chief Operations Officer

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

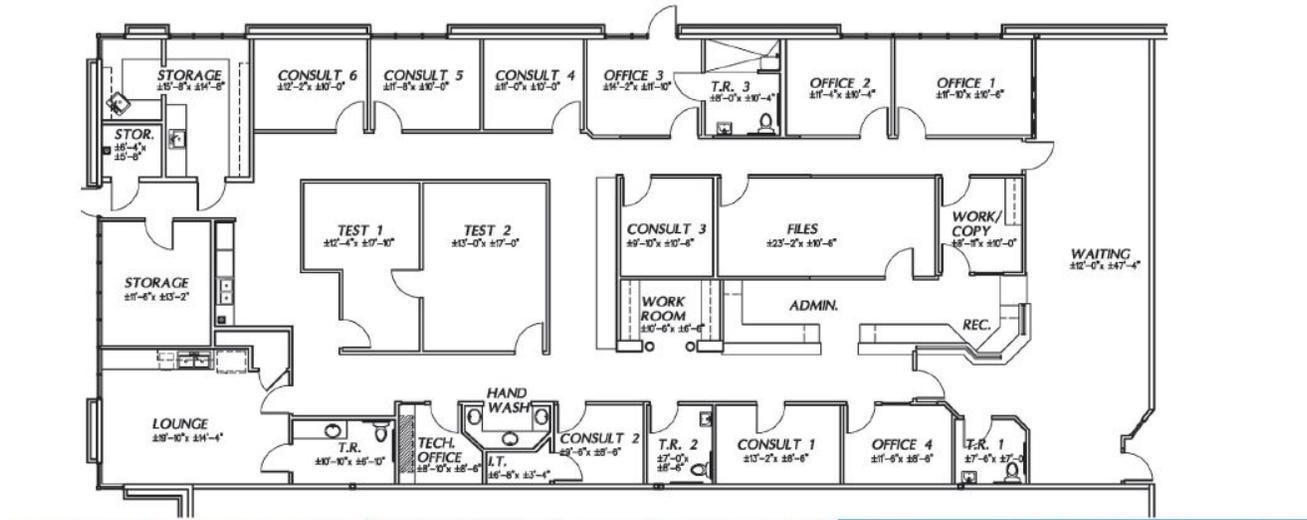
By Phillip [Signature]  
Hospital Counsel

[Signature Page to Agreement for Lease]

**EXHIBIT "A" – Premises**



EXHIBIT "B" – Floor Plan



**EXHIBIT “C” – Environmental Terms**

**Definition of Environmental Terms**

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

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

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



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

February 18, 2026

**Subject:** Proposed Retroactive Lease Agreement of 9300 Stockdale Hwy, Suite 300, Bakersfield, CA 93311

**Recommended Action:** Approve; Authorize Chief Executive Officer to sign

**Summary:**

Kern County Hospital Authority is requesting your Board's approval of the proposed Lease Agreement with RW Bakersfield LTD, for Suite 300 at approximately 5,379 square feet of clinical space at 9300 Stockdale Hwy, Suite 300, Bakersfield, California, in the amount of \$2,508,500, over 10 years, commencing January 1, 2026 and expiring December 31, 2035.

This suite currently serves the Stockdale community by delivering essential orthopedic care. This location has enhanced our capability to reach a broader patient population and will continue to serve as a vital cornerstone in the expansion of our medical services. This agreement is being provided retroactive due to delayed responses from the landlord, however, your Board was previously notified that negotiations were ongoing and the agreement would be forthcoming.

Therefore, it is recommended that your Board retroactively approve the Lease Agreement with RW Bakersfield LTD, effective January 1, 2026, over ten (10) years and expiring December 31, 2035, for a total payable amount of \$2,508,500, and authorize Chief Executive Officer to sign.

**AGREEMENT FOR LEASE OF 9300 STOCKDALE HIGHWAY,  
SUITE #300, BAKERSFIELD, CA**

(Kern County Hospital Authority – RW Bakersfield LTD.)

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**AGREEMENT FOR LEASE OF 9300 STOCKDALE HIGHWAY,  
SUITE #300, BAKERSFIELD, CA**

(Kern County Hospital Authority – RW Bakersfield LTD.)

**THIS AGREEMENT (“Agreement”)** is executed in Bakersfield, California, on February 11, 2026 (“**Execution Date**”), by and between the **KERN COUNTY HOSPITAL AUTHORITY**, a local unit of government, which owns and operates Kern Medical Center (“**KCHA**”) and **RW BAKERSFIELD LTD.**, a California partnership (“**Lessor**”). KCHA and Lessor are referred to individually as a “**Party**” and collectively as the “**Parties.**”

**RECITALS:**

- A.** Lessor owns real property described as Assessor’s Parcel Number 390-380-13-00-3, and located at 9300 Stockdale Highway, Bakersfield, County of Kern, State of California (“**Property**”).
- B.** KCHA has a need for medical office space to be used by Kern Medical Center (“**Kern Medical**”).
- C.** Lessor and KCHA desire to enter into an Agreement to allow KCHA to utilize a portion of the Property as medical offices to support Kern Medical’s medical practice in Suite #300.
- D.** Pursuant to Section 101855(a)(5) of the Health and Safety Code, KCHA may lease property of any kind necessary or convenient to perform its functions.

**AGREEMENT:**

- 1. Premises:** For and in consideration of the terms, covenants, and conditions contained in this Agreement, Lessor leases to KCHA, and KCHA leases from Lessor, exclusive use of 9300 Stockdale Highway, Suite #300, Bakersfield, CA (“**Premises**”). The Premises consists of approximately 4,974 usable/5,379 rentable square feet. The premises shall also include non-exclusive use of all the parking for the River Walk Medical Plaza based on the current City of Bakersfield parking requirements of one space for every 200 rentable square feet.
- 2. Term:** The initial term of this Agreement (“**Term**”) shall commence on December 16, 2025, and terminate 10 years thereafter, unless extended or sooner terminated as provided in this Agreement.
- 3. Option to Extend Term:** Provided KCHA is not in default of any of the terms, covenants, or conditions of this Agreement, beyond applicable cure periods, Lessor hereby grants to KCHA a five (5) -year option to renew and extend this Agreement from and after the expiration of the initial Term. KCHA may exercise said option by giving Lessor written notice of its intention to do so not less than 9 months and no more than 12 months prior to the expiration of the initial Term. All terms, covenants and conditions of this Agreement, excepting the amount of rent to be paid, subject to **Section 6**, shall remain in effect. If option is exercised, “**Term**” shall include the option term. “**Term**” shall also include any hold over period.

4. **Right to Terminate:** KCHA shall have the one-time right to terminate the Agreement at the end of the 5<sup>th</sup> lease year, provided **i)** Kern Medical's budget warrants a reduction in service areas due to a non-profitable operation for the eighteen (18) months prior to the election to terminate, and provides Lessor reasonable evidence thereof in writing; and **ii)** KCHA provides Lessor a 12-month prior written notice (i.e., such notice must be given by the end of the 4<sup>th</sup> year of the Term). Should KCHA exercise its termination right, KCHA shall pay to Lessor the unamortized balance of: **i)** the cost of the tenant improvements provided to Tenant and paid for by Landlord amortized at WSJ Prime Rate plus 2% (currently 7.0% + 2 % = 9.0%) over the Extended Term; and **ii)** a payment equal to Rent for the 11.5 months after the termination date (collectively, "**Termination Payment**"). One-half (50%) of the Termination Payment shall be paid to Lessor with the termination notice, and the remaining half shall be paid to Lessor 60 days prior to the termination date. Terms in this **Section 4** are further defined in **Section 8**.

5. **Hold Over:** If KCHA holds over after the expiration of the Term with the express or implied consent of Lessor, such holding over shall be a tenancy only from month to month and shall be governed by the terms, covenants, and conditions contained in this Agreement, except that KCHA shall pay Rent at a rate equal to either **a)** 105% of the rate in effect for the last month of the Term if Lessor has consented to such hold over, or **b)** 125% of the rate in effect for the last month of the Term if Lessor has not consented to such hold over. If the Parties are engaged in good faith written negotiations to extend the Term at the time of such holdover, then such negotiations shall constitute implied consent to hold over during the period in which negotiations continue.

6. **Rent:**

**a. Amount and Payment** – As and for consideration, KCHA agrees to pay, in lawful money of the United States, to RW Bakersfield LTD. at c/o Pacific Coast Commercial, 10721 Treena Street, Suite #200, San Diego, CA 92131, Lessor, or such person or persons and at such place or places as may be designated from time to time by Lessor. "**Base Rent**" shall be \$2.28 per square foot for the first year of the Term, subject to the Increase (defined below) for each year thereafter. "**Additional Rent**" shall be deemed the Triple Net Rate (defined below) and any other amounts due and payable by KCHA to Lessor pursuant to this Agreement. Base Rent and Additional Rent are sometimes herein collectively referred to as "**Rent.**" The monthly Base Rent and estimated Triple Net Rate for the first year of the Term shall be \$3.39 per square foot, which is calculated by adding: **i)** \$2.28 per rentable square foot for rent, and **ii)** \$1.11 per rentable square foot for triple net fees. The first monthly payment of Rent shall be paid within 30 days of the Acceptance Date, and thereafter for the balance of the Term, shall be paid on or before the first day of each month. Each monthly Rent payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month. In the event KCHA occupies the Premises for a partial month at any time, KCHA shall only be responsible for a prorated portion of the monthly rental consideration.

**b. Rental Increases** – On the first Anniversary Date of the Commencement Date and continuing annually thereafter during the Term (including during the extension term), Base Rent will increase by 3% over and above the previous year's Base Rent ("**Increase**"). The Increase does not apply to the triple net fees.

**c. Triple Net Fees** – The Parties acknowledge that KCHA will pay Lessor a monthly fee for operating expenses, taxes, insurance, etc., as defined in **Section 6.a** in addition to Base Rent. The estimated triple net fees for the calendar year 2025 are \$1.11 per rentable square foot per month, which is subject to change annually based on actual expenses ("**Triple**

**Net Rate**”). Lessor shall provide KCHA an annual expense statement (“**Expense Statement**”) detailing the actual expenses, KCHA’s share, and the new Triple Net Rate. Upon receipt of the Expense Statement for each calendar year, KCHA shall pay the new Triple Net Rate, less any overpaid amounts based on the previous year’s Triple Net Rate. At Lessor’s option, any overpayment of expenses may be refunded to KCHA within 30 days of Lessor’s delivery of the new Expense Statement setting forth such overpayment amounts, or may be credited toward KCHA’s next installment of Rent. Upon written request by KCHA no later than sixty (60) days after delivery of the new Expense Statement (an “**Audit Notice**”), Lessor agrees to allow KCHA to audit all documents used to calculate the Triple Net Rate at KCHA’s cost and expense; provided, that such audit is conducted within six (6) months of such Audit Notice.

**d. Janitorial** – KCHA shall, at its sole cost, contract for janitorial services for the Premises.

**e. No Aggregate Indebtedness** – In accordance with Article XVI, section 18 of the California Constitution, this Agreement creates no immediate indebtedness for the aggregate monthly rental payments, but rather confines the liability of the KCHA to each month’s rental payment as it falls due. Further, each month’s rental payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month. To the extent permitted by Article XVI, section 18 of the California Constitution, Lessor may recover damages as provided by California Civil Code 1951.2.

**7. Purpose:**

**a. General** – The Premises shall be used as medical office space. KCHA shall not use or permit the Premises to be used for any other purpose without the prior written consent of Lessor.

**b. No Nuisance** – Lessor shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of KCHA, or injure KCHA. Lessor and KCHA shall not cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose. Lessor further agrees, within four (4) business days from receiving written notice by KCHA that a nuisance exists, to abate or otherwise cause the nuisance to be cured. If Lessor has not taken corrective action within four (4) business days or commenced to cure (if such nuisance cannot be cured within (4) business days), then KCHA may enter and abate the nuisance at the sole but reasonable cost of Lessor.

**c. Hazardous Materials** – KCHA shall not use or allow another person or entity to use any part of the Premises or the Property for the storage, use, treatment, manufacture or sale of Hazardous Materials (as defined in **Exhibit “C”**). Neither KCHA nor its agents, employees, contractors, licensees, sublessees, assignees, concessionaires or invitees shall use, generate, handle, store, treat, practice or dispose of any hazardous or toxic substance, material or waste which is or becomes regulated by an applicable law, in, on, under or about the Premises or the Property, except as is customary with KCHA’s intended use of the Premises. KCHA shall follow all applicable laws governing the use and disposal of medical Hazardous Materials.

**8. Construction of Improvements:** Lessor has agreed to pay for the costs of the first \$58,790.45 of floor covering at no cost to KCHA (“**Allowance**”) toward the tenant improvements requested by KCHA (“**Improvements**”), Lessor will reimburse KCHA within 450 days after receipt of all lien releases, if any, and proof of payment.

9. **Intentionally Deleted**

10. **Intentionally Deleted**

11. **Alterations:** KCHA shall have the right to make certain changes to interior walls, plumbing and electrical wiring in the Premises for the accommodation of KCHA's use and changing needs, subject to Lessor's prior written consent, which shall not unreasonably be withheld, and such request for consent shall be accompanied with a copy of such plans or drawings. Except as provided in the preceding sentences, KCHA shall not perform any exterior or structural alterations, or interior alterations of any nature the costs of which exceed \$25,000, without the prior written consent of Lessor; provided, that KCHA shall provide Lessor with prior written notice of such alterations, such alterations are cosmetic in nature, and such alterations do not affect the systems or structure of the Property. Otherwise, KCHA shall not make any alterations, physical additions, improvements or partitions or install any fixtures or equipment without obtaining the prior written consent of Lessor. All alterations shall be performed in accordance with all applicable laws.

12. **Repair and Maintenance:**

a. **Lessor's Responsibilities** - To provide a clean, sanitary and safe environment for KCHA, Lessor shall maintain all structural portions of the Premises, exterior and interior, including roof, common areas, plumbing, air conditioning (including periodic changing of air conditioning filters), heating, electrical systems, building and parking lot lighting fixtures, including ballast and lamp replacement, glass replacement, exterior painting, and annual servicing of fire extinguishers, but not including the emergency back-up generator. Unless approved by KCHA in writing, all interior maintenance shall be performed during non-business hours as to not unreasonably interfere with KCHA's activities. Lessor shall be responsible for pest control, landscaping, sprinklers, and parking lot maintenance and upkeep. Lessor's maintenance responsibility shall be performed to the reasonable satisfaction of KCHA in accordance with commercially reasonable standards for a Class A medical office building.

b. **KCHA's Responsibilities** – KCHA shall maintain and repair the interior of the Premises and any specialized improvements at its sole cost and expense. The term “specialized improvements” for purposes of this Agreement include, without limitation, specialized HVAC maintenance and/or filtering systems, gas and aired lines, medical gas distribution, humidifiers, water heaters within the suite, surgical lighting, exhaust fans, vacuum and suction systems, air compressors, and the back-up generator. KCHA will not be responsible for any capital repairs or replacements (i.e., replacement of an air conditioning unit) unless such replacement is required due to the negligent acts of KCHA that surpass normal wear and tear. Notwithstanding the foregoing, to the extent that KCHA or its invitees negligently cause damage to the Premises, KCHA shall be responsible for such damage.

c. **Response Time Line** – If Lessor has not commenced to perform maintenance and replacement obligations to the Premises in strict compliance with this **Section 12.a** within five (5) business days after written notice to Lessor by KCHA, of a specific condition needing correction, or if such maintenance or replacement obligations cannot be completed within five (5) business days, and Lessor is not diligently pursuing such completion, then KCHA may, but shall not be required to, following written notice to Lessor and an opportunity to cure, undertake such obligations, and all actual and reasonable costs and expenses incurred by KCHA as a result thereof shall be deducted from any rent or other payment due or to become due hereunder.

d. **Emergency** – Such five (5) business day notice provision shall not apply to emergency items that constitute a hazard to the health or safety of KCHA’s employees, property or invitees, as reasonably determined by KCHA, in which event KCHA shall have the option of having the emergency repair or maintenance issue corrected immediately, subject to the terms thereof. KCHA shall notify Lessor within 24 hours of the occurrence of any and all maintenance items that require emergency action. In the event that Lessor (or its agents or employees) cannot be reached or is not able to have the repair or maintenance item or items corrected promptly, then KCHA can take reasonably necessary measures to address such emergency. All actual and reasonable costs incurred by KCHA for repairs to prevent further damage shall be deducted from any Rent or other payment due or to become due hereunder. Workmanship and costs thereof shall be consistent with the industry standards and rates.

e. **Failure by Lessor to Repair and Maintain** – Repairs and maintenance shall be to the reasonable satisfaction of KCHA, and if Lessor fails to fulfill any duty imposed under this **Section 12** within such periods of time set forth in this **Section 12**, KCHA may, but is not required to, perform those duties at Lessor’s sole but reasonable cost as provided herein. Lessor shall promptly and reasonably cooperate with KCHA if KCHA undertakes to perform any such duties. No action by KCHA taken pursuant to **Section 12.e** shall constitute a waiver of any of Lessor’s obligations under this **Section 12**. Lessor’s obligations under this **Section 12** shall survive the expiration or termination of this Agreement.

13. **Utilities and Services; Modification of Utilities**: Throughout the Term or any holding over of the Term, KCHA shall pay for all utilities used by KCHA in connection with its operation on the Premises. The term “utilities” for the purposes of this Agreement shall include, without limitation, gas, electricity, water, sewer, and trash and refuse disposal services which shall, if appropriate per this Lease, be proportionally charged by Lessor to KCHA. KCHA shall be solely responsible for any hazardous waste removal and disposal created by the medical practice on the Premises.

14. **Taxes and Assessments**: Lessor shall be responsible for and shall pay all taxes and assessments in connection with the Premises. The annual fees for applicable taxes and assessments are included in the triple net fees paid monthly by KCHA as detailed in **Section 6.c**.

15. **KCHA’s Furniture, Fixtures and Equipment**: KCHA may install its own furniture, fixtures and equipment (“FF&E”) in the interior of the Property, at its sole cost, and such FF&E shall remain the property of KCHA, including but not limited to the x-ray unit, and sterilizers. In addition to KCHA’s obligations under **Section 30**, at the expiration or termination of this Agreement, KCHA shall remove its FF&E from the Premises, unless a prior written agreement with Lessor provides for KCHA’s FF&E to remain on the Premises. KCHA shall repair any damage to the Property as a result of removal of the FF&E, at KCHA’s sole but reasonable cost. Notwithstanding the foregoing, any FF&E that constitutes a permanent improvement shall remain on the Property following expiration or termination of this Agreement (unless Lessor consents to the removal thereof).

16. **Signs**: KCHA, at its sole cost, shall have the right to install signs to identify the Premises, and such signs shall comply with all applicable laws, including those of KCHA, and any installation of signage shall be approved by Lessor in writing prior to installation. KCHA shall pay any damage to the Premises occasioned by the installation and maintenance of any such sign, and the cost of removal or obliteration thereof upon the expiration or termination of this Agreement.

**17. Damage and Destruction:** If the Premises is damaged or destroyed by fire or casualty, not the fault of KCHA or any person in or about the Premises with the express or implied consent of the KCHA, the damaged Premises shall be repaired by Lessor at its sole cost, with the use of available insurance proceeds required under **Section 22.c**, or Lessor or KCHA may, at its option terminate this Agreement subject to the terms of this **Section 17**. In the event that Lessor elects to repair the damaged Premises, this Agreement shall continue in full force and effect except those certain obligations of KCHA may be subject to Force Majeure as provided in **Section 26**. Notwithstanding the foregoing, Lessor may elect not to rebuild and terminate this Agreement if **i)** the repairs cannot be completed within one hundred eighty (180) days of the date of damage; **ii)** the mortgage holder requires that the insurance proceeds be used to prepay the loan or portion thereof; or **iii)** the damage is not fully covered by Lessor's insurance policies. If the repairs cannot be completed within one hundred eighty (180) days after the necessity for the repairs becomes known to Lessor, or if the extent of the damage renders more than 50% of the Premises unusable, then KCHA may terminate this Agreement by providing written notice to Lessor within thirty (30) days of receiving Lessor's repair estimate.

**18. Condemnation:** If the Premises or Property is condemned for public use by eminent domain proceedings, or if by reason of law, ordinance, regulation, or court judgment, KCHA's use of the Premises leased for the specific purpose specified in **Section 7** is prohibited, then KCHA shall have the right to terminate this Agreement by written notice to Lessor. Rent shall be paid only to the time when KCHA surrenders possession of the Premises. In the event of condemnation of only part of the Premises which does not materially and adversely affect KCHA's ability to conduct business, KCHA shall continue in possession of that part of the Premises not so appropriated or condemned under the same terms, covenants and conditions of this Agreement, except that in such cases, KCHA shall be entitled to an equitable reduction of the rent payment hereunder. The amount of rent reduction shall be calculated by dividing the area of the Premises KCHA is prevented from occupying or using by the total area of the Premises and multiplying that quotient by the monthly rent for the period during which occupancy or use is prevented, or for the next succeeding month, if rent for the period during which occupancy or use is prevented has already been paid. Lessor shall return any rent paid in advance beyond such time to KCHA on demand. Notwithstanding the above, KCHA does not waive any right it may have to recover from the condemnation authority for such damage as it may suffer by reason of such condemnation.

**19. Right of Inspection:** Lessor, and such agents as Lessor may designate, may enter upon the Premises at all reasonable times for the purpose of inspecting, maintaining, repairing, and altering the Premises in a manner consistent with the purpose of this Agreement and in accordance with reasonable commercial practices in the management of property. However, such access may only be obtained upon reasonable notice and accompaniment by an authorized KCHA employee if entry is during non-business hours. KCHA shall provide emergency contact numbers to Lessor for this purpose.

**20. Indemnification:**

**a. In General** – Lessor shall indemnify and defend, upon request of KCHA, KCHA, its governing board, commissions, elected and appointed officials, employees, agents, volunteers, and authorized representatives, and each of them (the "**KCHA Indemnified Parties**"), against any and all actual actions, lawsuits, proceedings, losses, costs, expenses, claims, fines, liabilities, fees and costs of counsel and outside counsel retained by KCHA, costs staff time, investigation, expert and consultant fees and costs, and damages, including liability for personal injuries or death or property damage ("**KCHA Claims**"), arising out of or in any

way connected with the negligence, gross negligence, or willful misconduct of Lessor, its employees, agents, independent contractors, or invitees with respect to the Premises (“**Lessor Acts**”), unless the KCHA Claim is due to the negligence, gross negligence, or willful misconduct of KCHA or any KCHA Indemnified Party. KCHA shall indemnify and defend, upon request of Lessor, Lessor, its officials, employees, agents, partners, affiliates, members, shareholders, directors, contractors, and representatives, and each of them (the “**Lessor Indemnified Parties**”), against any and all actual actions, lawsuits, proceedings, losses, costs, expenses, claims, fines, liabilities, attorneys’ fees, fees and costs of investigation, expert and consultant fees and costs, and damages, including liability for personal injuries or death or property damage (“**Lessor Claims**”), arising out of or in any way connected with the negligence, gross negligence, or willful misconduct of KCHA, its employees, agents, independent contractors, or invitees with respect to the Premises (“**County Acts**”), unless the Lessor Claim is due to the negligence, gross negligence, or willful misconduct of Lessor or a Lessor Indemnified Party.

**b. Environmental** – In addition, Lessor shall indemnify and defend, upon request of KCHA, KCHA and KCHA Indemnified Parties against any and all KCHA Claims arising out of or in any way connected with any pre-existing deposit, spill, discharge, or other release of any Hazardous Materials prior to the Execution Date, or as a result of Lessor’s failure to take any or all steps required by any governmental authority or court which has jurisdiction or by an Environmental Requirements. In addition, KCHA shall indemnify and defend, upon request of Lessor, Lessor and the Lessor Indemnified Parties against any and all Lessor Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials, or as a result of KCHA’s failure to comply with the terms and covenants hereof or take any or all steps required by any governmental authority or court which has jurisdiction or by any Environmental Requirements. “**Environmental Requirements**” and “**Hazardous Materials**,” as used in this Agreement shall have the meaning provided in **Exhibit “C.”**

**c. Survival of Indemnification Obligations** – Lessor’s and KCHA’s obligations under this **Section 20** shall survive the expiration or termination of this Agreement.

**21. KCHA Maintenance of Insurance:**

**a. KCHA’s Insurance Requirements** – During the Term, KCHA shall maintain the following insurance coverage: **i)** Commercial General Liability Insurance, on an occurrence basis, with a combined single limit of not less than \$4,000,000 per occurrence and \$5,000,000 in the annual aggregate, including owners and contractors protective coverage, blanket contractual coverage, and personal injury coverage, covering the insuring provisions of this Agreement and the performance of KCHA of the indemnity and exemption of Lessor from liability agreements set forth herein; **ii)** a policy of standard fire, extended coverage and special extended coverage insurance (all risks), including a vandalism and malicious mischief endorsement, sprinkler leakage coverage and earthquake sprinkler leakage where sprinklers are provided in an amount equal to the full replacement value new without deduction for depreciation of all (A) Improvements, alterations, fixtures and other improvements in the Premises, and (B) trade fixtures, furniture, equipment and other personal property installed by or at the expense of County; **iii)** Workers’ Compensation coverage as required by law; and **iv)** business interruption, loss of income and extra expense insurance covering any failure or interruption of KCHA’s business equipment (including, without limitation, telecommunications equipment) and covering all other perils, failures or interruptions sufficient to cover a period of interruption of not less than twelve (12) months. KCHA shall carry and maintain during the

entire Term such other insurance policies covering the Premises and KCHA's operations therein, as may be reasonably required by Lessor.

**b. Form of Policy** – The minimum limits of policies of insurance required of KCHA under this Agreement shall in no event limit the liability of KCHA under this Agreement. The Commercial General Liability Insurance policy shall name Lessor, Lessor's property manager, Lessor's lender(s), and such other persons as Lessor specifies from time to time, as additional insureds with an appropriate endorsement to the policy(s). All such insurance policies carried by KCHA shall be with companies having a rating of not less than A-VIII in Best's Insurance Guide. KCHA shall furnish to Lessor certificates of coverage. The deductible under each such policy shall be reasonably acceptable to Lessor. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days prior written notice to Lessor by the insurer. All such policies shall be endorsed to agree that KCHA's policy is primary and that any insurance carried by Lessor is excess and not contributing with any KCHA insurance requirement hereunder. KCHA shall, prior to the expiration of such policies, furnish Lessor with renewals or binders. KCHA agrees that if KCHA does not take out and maintain such insurance or furnish Lessor with renewals or binders in a timely manner, Lessor may (but shall not be required to) procure said insurance on KCHA's behalf and charge KCHA the cost thereof, which amount shall be payable by KCHA upon demand with interest (at the rate set forth in **Section 24.b.iii**) from the date such sums are expended. KCHA shall have the right to provide such insurance coverage pursuant to blanket policies obtained by KCHA, provided such blanket policies expressly afford coverage to the Premises and to KCHA as required by this Agreement insurer.

**c. Waiver of Subrogation** – Lessor and KCHA each agree to require their respective insurers issuing the insurance with respect to the Property or Premises to waive any rights of subrogation that such companies may have against the other Party. KCHA hereby waives any right that KCHA may have against Lessor and Lessor hereby waives any right that Lessor may have against KCHA as a result of any loss or damage to the extent such loss or damage is insurable under such policies.

**d. KCHA Self-Insurance** – KCHA is self-insured for Professional Liability, General Liability, Automobile Liability and Workers' Compensation. KCHA carries excess insurance, for the above insurances, providing coverage above KCHA's self-insured retention (deductible) that varies based on the type of insurance. Medical Malpractice (Professional Liability) insurance policy coverage starts at \$2,000,000. All exposures, including contractual liability, arising out of KCHA operations are covered by KCHA's self-insurance program undertaken pursuant to California Government Code Section 990. Under KCHA's self-insurance program, KCHA will bear all risk of bodily injury and property damage losses that are the responsibility of KCHA under current law and contracts. This program is currently in effect and will remain in effect as renewed each year by KCHA.

- 22. Lessor Maintenance of Insurance:** Lessor shall secure and maintain insurance as described below. Lessor shall obtain all insurance required under this **Section 22**. Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of these insurance requirements. The authorized representative of the insurance company shown on the certificate must sign the required documents. Lessor shall promptly deliver a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the

Term, or as otherwise specified herein. Such certificates and endorsements shall be delivered to KCHA prior to the expiration date of any policy.

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

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

**ii. Workers' Compensation Insurance – Lessor Subcontractors** – Lessor shall require any subcontractors to provide workers' compensation for all of the subcontractors' employees. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Lessor shall require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered.

**iii. Employer's Liability Insurance** – If Lessor has employees who may perform any services pursuant to this Agreement, Lessor shall also maintain employer's liability insurance with limits of \$1,000,000 for bodily injury or disease.

**b. Liability Insurance Requirements**

**i. In General** – Lessor shall maintain in full force and effect, at all times during the Term, the following insurance:

**A) Commercial General Liability Insurance**, including Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage. The Commercial General Liability Insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Lessor shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least \$1,000,000 each occurrence and \$2,000,000 aggregate.

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

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

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

**c. Fire and Casualty Insurance** – Lessor shall, at its sole cost, maintain on the Property a policy of standard fire and extended coverage insurance, with vandalism and

malicious mischief endorsements, to the extent of at least 100% of full replacement value. The insurance policy shall be issued in the names of Lessor, and any lender, as their interests appear. The insurance policy shall provide that any proceeds shall be made payable to Lessor, and Lessor shall apply and use such proceeds as required by **Section 17**, subject to the priority rights of any lender. Such insurance shall satisfy the requirements of this **Section 22.c**, and shall be issued by a company or companies satisfying the requirements of **Section 22.e**.

**d. Cancellation of Insurance** – The above-stated insurance coverages required to be maintained by Lessor shall be maintained until the completion of all of Lessor’s obligations under this Agreement. Lessor shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

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

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

**23. Breach by Lessor:** In the event of a breach by Lessor of any term, covenant, or condition of this Agreement, Lessor shall have 30 days after KCHA has given written notice to Lessor to cure; or such longer period if such obligation cannot be cured within such 30-day period.

**24. Breach by KCHA; Lessor’s Remedies:**

**a. Breach by KCHA** – The occurrence of any of the following shall constitute a default of this Agreement by KCHA:

**i. Monetary Breach** – Any failure by KCHA to pay any Rent or any other charge required to be paid under this Agreement, or any part thereof, when due. KCHA shall not be in monetary breach before Lessor provides written notice to KCHA and KCHA has 7 business days to cure; said 7 business-day period shall be in lieu of, and not in addition to, the notice requirements of Section 1161 of the California Code of Civil Procedure or any similar or successor law.

**ii. Non-Monetary Breach** – In the event of a breach by KCHA of any term, covenant or condition of this Agreement, other than the payment of Rent which is covered by **Section 24.a.i**, where such breach continues for 30 days after written notice has been given to KCHA by Lessor unless such shorter time is set forth in this Agreement.

**iii. Abandonment** – In the event KCHA abandons or vacates the Premises or any significant portion thereof.

**iv. Taking** – The taking in execution or by similar process or law (other than eminent domain) of the estate hereby created.

**v. Bankruptcy** – The filing by KCHA hereunder in any court pursuant to any statute of a petition in bankruptcy or insolvency or for reorganization or arrangement

for the appointment of a receiver of all or a portion of KCHA's property; the filing against KCHA of any such petition, or the commencement of a proceeding for the appointment of a trustee, receiver or liquidator for KCHA or property thereof, or a proceeding by any governmental authority for the dissolution or liquidation of KCHA, if such proceeding shall not be dismissed or trusteeship discontinued within thirty (30) days after commencement of such proceeding or the appointment of such trustee or receiver; or the making by KCHA hereunder or an assignment for the benefit of creditors. KCHA hereby stipulates to the lifting of the automatic stay in effect and relief from such stay for Lessor in the event KCHA files a petition under the United States Bankruptcy laws, for the purpose of Lessor pursuing its rights and remedies against KCHA under this Agreement.

**b. Lessor's Remedies upon Default** – Upon the occurrence of any default by KCHA, Lessor shall have, in addition to any other remedies available to Lessor at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

**i.** Terminate this Agreement, in which event KCHA shall immediately surrender the Premises to Lessor, and if KCHA fails to do so, Lessor may enter upon and take possession of the Premises and expel or remove KCHA and any other person who may be occupying the Premises or any part thereof, and Lessor may recover from KCHA the following, in each case **SUBJECT TO SECTION 24.b.ii**: **i)** the worth at the time of award of any unpaid rent which has been earned at the time of such termination (including the Allowance and Additional Allowance); plus **ii)** the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that KCHA proves could have been reasonably avoided; plus **iii)** the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that KCHA proves could have been reasonably avoided; plus **iv)** any other amount necessary to compensate Lessor for all the detriment proximately caused by KCHA's failure to perform its obligations under this Agreement or which in the ordinary course of things would be likely to result therefrom; and **v)** such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The term "rent" as used in this Section shall be deemed to be and to mean all sums of every nature required to be paid by KCHA pursuant to the terms of this Agreement. As used in clauses **i)** and **ii)** above, the "worth at the time of award" shall be computed at an interest rate of ten percent (10%) per annum, but in no case greater than the maximum amount of such interest permitted by law. As used in clause **iii)** above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). In addition and notwithstanding anything to the contrary, Lessor shall not have the remedy described in California Civil Code Section 1951.4.

**ii.** Notwithstanding anything to the contrary Lessor acknowledges and agrees that the obligation of KCHA to pay Rent under this Agreement is contingent upon the availability of KCHA funds that are appropriated or allocated by the KCHA Board of Governors for payment of Rent, as provided in **Section 6**. Accordingly, in the event that this Agreement is terminated due to an uncured default of KCHA, Lessor may declare all rental payments to the end of KCHA's current fiscal year to be due, including

any delinquent Rent from prior budget years. However, in no event shall Lessor be entitled to a remedy of acceleration of the total rental payments due over the Term. The Parties acknowledge and agree that the limitations set forth above are required by Article XVI, section 18 of the California Constitution and supersedes any law, rule, regulation or statute that conflicts with the provisions of this **Section 24.b.ii**. The foregoing shall not affect KCHA's obligation to reimburse Lessor for unamortized tenant improvement costs that Lessor has incurred in connection with this Agreement, which shall be due in the case this Agreement is terminated due to an uncured default by KCHA.

**iii.** In addition to such interest, if Rent or the Additional Allowance is not paid when due, a late charge equal to twelve percent (12%) of the amount overdue or One Hundred Dollars (\$100), whichever is greater, shall be immediately due and owing and shall accrue for each calendar month or part thereof until such rental, including the late charge, is paid in full.

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

**26. Force Majeure:**

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

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

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

**28. Assignment and Subletting:**

**a. No Assignment or Subletting** – KCHA shall not sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or any of its rights and interests hereunder, including its leasehold rights and interest granted by this Agreement, without the prior written consent of Lessor (which shall not be unreasonably withheld); provided, that **i)** KCHA notifies Lessor at least thirty (30) days prior to the effective date and promptly supplies Lessor with any documents or information reasonably requested by Lessor regarding such assignment or sublet, and **ii)** the assignee assumes, in full, the obligations of KCHA under this Agreement.

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

**29. Subordination, Non-Disturbance and Attornment:** KCHA shall not be required to subordinate its rights under this Agreement to the lien of any mortgage or deed of trust, to any bank, insurance company or other lending institution, hereafter in force against the Premises, unless KCHA first obtains, from such lender, a non-disturbance agreement providing that, after any foreclosure, and so long as KCHA is not in default hereunder, this Agreement shall remain in full force and effect for the full term hereof. In the event any proceedings are brought for foreclosure or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Lessor covering the Premises, KCHA shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Lessor under this Agreement.

**30. Surrender of Premises:** On the last day of the Term, or sooner termination of this Agreement, KCHA shall peaceably and quietly leave, surrender, and yield up to Lessor the Premises in as good a condition and state of repair as it existed on the Acceptance Date, subject to damage by Force Majeure, and shall comply with **Section 15** relating to its FF&E. By the expiration or termination date, KCHA shall have paid all utility bills and contacted the appropriate utility companies to have the utility services properly discontinued or transferred.

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

To Lessor: RW Bakersfield LTD.  
c/o Pacific Coast Commercial  
Attn: Robert Phillips and Jay Jackson  
10721 Trenea Street, Suite 200  
San Diego, CA 92131  
Fax: (858) 560-5604  
Email: [robert@pacificcoastcommercial.com](mailto:robert@pacificcoastcommercial.com) and  
[jay@pacificcoastcommercial.com](mailto:jay@pacificcoastcommercial.com)

Rental Payments: Kern Medical Center  
Attn: Finance Department  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

To KCHA: Kern Medical Center  
Attn: Chief Executive Officer  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

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

**32. Authorized Agent of KCHA:** Kern Medical Center's Chief Executive Officer is the duly authorized agent of Kern County Hospital Authority for purposes of this Agreement.

**33. Miscellaneous Provisions:**

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

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

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

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

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

**f. Governing Law; Venue** – The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. If either Lessor or KCHA initiates an action to enforce the terms of this Agreement or declare rights hereunder, including actions on any bonds and/or surety agreements, the venue thereof shall be the County

of Kern, State of California, it being understood that this Agreement is entered into, and will be performed, within the County of Kern.

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

**h. Compliance with Laws** – KCHA and Lessor shall comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to the use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises.

**i. Successors** – Subject to **Section 30**, all terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

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

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

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

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

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

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

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

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

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

**s. Tenant Estoppels** – Within twenty (20) days following a request in writing by Lessor, KCHA shall execute and deliver to Lessor an estoppel certificate, indicating: **i)** that this Agreement is unmodified and in full force and effect; **ii)** the dates to which Rent and other charges are paid in advance, if any; **iii)** acknowledgement that there are no uncured defaults on the part of Lessor hereunder, or specifying such defaults, if any are claimed; and **iv)** such other matters requested by Lessor and/or any mortgagee (or prospective mortgagee) of Lessor. Failure of KCHA to timely execute and deliver such estoppel certificate or other instruments

shall constitute an acceptance of the Premises and an acknowledgment by KCHA that statements included in the estoppel certificate are true and correct, without exception.

t. **Covenant Against Liens** – KCHA covenants and agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against the Property or the Premises with respect to work or services claimed to have been performed for or materials claimed to have been furnished to KCHA or the Premises, and, in case of any such lien attaching or notice of any lien, KCHA covenants and agrees to cause it to be released and removed of record within twenty (20) days from the date of recordation.

u. **Liability of Lessor** – Notwithstanding anything to the contrary in this Agreement, in the event of any controversy or claim arising out of or relating to this Agreement, the breach hereof, or the transactions contemplated hereby, KCHA acknowledges and agrees that it shall not seek recourse against any officer, director, principal, manager, employee, agent, or affiliate of Lessor (collectively, “**Lessor’s Affiliated Parties**”) in their personal capacity or in any of their personal assets for satisfaction of any liability with respect to this Agreement. In no event shall KCHA seek to hold Lessor liable for consequential, special, or punitive damages, or loss of business profits. No other property or assets of Lessor or any Lessor Affiliated Party shall be subject to levy, execution, or other enforcement procedure for the satisfaction of KCHA’s remedies under or with respect to this Agreement, Lessor’s obligations to KCHA, whether contractual, statutory or otherwise, the relationship of Lessor and KCHA hereunder, or KCHA’s use or occupancy of the Premises.

v. **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. California Health and Safety Code Section 101853(g).

w. **Broker** – In connection with this Agreement, KCHA represents and warrants that it has had dealings only with Colliers International (“**Broker**”) and that it knows of no other person or entity who is or might be entitled to a commission, finder’s fee or other like payment. Lessor shall pay Broker’s commission pursuant to a separate agreement.

The Parties have executed this Agreement on the Execution Date.

**KERN COUNTY HOSPITAL AUTHORITY**

**RW BAKERSFIELD LTD., a**  
California partnership  
By RW Bakersfield Investments, Inc.,  
a California corporation, its G.P.

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

Signed by:  
By Steve Goodman  
Steve Goodman  
Chief Financial Officer  
"Lessor"

**APPROVED AS TO CONTENT:**  
Kern Medical Center

By \_\_\_\_\_  
Tyler Whitezell, Chief Operations Officer

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

By Philip J. [Signature]  
Hospital Counsel

[Signature Page to Agreement for Lease]

**EXHIBIT "A" – Premises**





## EXHIBIT “C” – Environmental Terms

### Definition of Environmental Terms

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

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

2. **Hazardous Materials**. Except for ordinary office supplies, materials, and equipment typically used on the Premises, all flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances or related materials, petroleum products, and any substances declared to be hazardous or toxic under any present or future Environment Requirements or which requires investigation or remediation under any present or future federal, state, or local law, statute, regulation, environmental requirement, order, or rule.



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

February 18, 2026

**Subject:** Proposed Quote 230761188 with California Mobile Kitchens

**Recommended Action:** Approve; Authorize Chairman to sign; Authorize the Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price

**Summary:**

Kern Medical requests your Board approve proposed Quote 230761188 with California Mobile Kitchen, for temporary kitchen, dishwashing, freezer and refrigerator units in an amount not to exceed \$277,420 while the main sewer lines in the kitchen are replaced. After working with three companies, it was determined California Mobile Kitchen is the most cost-effective.

- California Mobile Kitchen      \$277,420
- Kitchens to Go                      \$765,000
- US Mobile Kitchens                \$495,000

The Quote is effective as of February 18, 2026 with installation to begin early April 2026. Construction of the sewer line is anticipated to be complete within 4 months of commencement. The projected cost for the temporary kitchen rental is \$305,162, which includes future change orders of up to 10% of the original contract price of 277,420.

Counsel is unable to approve the terms as to form as the terms include charges for late payments and allows for the recovery of attorney fees for any enforcement action under the Agreement. Despite negotiations counsel was unable to remove these terms.

Therefore, it is recommended that your Board approve the proposed Quote 230761188 with California Mobile Kitchens, for temporary kitchen trailer units, effective February 18, 2026 through project completion, in an amount not exceed \$277,420; authorize the Chairman to sign, and authorize the Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price of \$277,420 for approval up to \$305,162.



**California Mobile Kitchens**  
 6625 Benton Rd  
 Paso Robles, CA 93446  
 Phone: (805) 459-1254  
 medcorpco@gmail.com  
 www.californiamobilekitchens.com

**Tommy Medeiros**  
 (805) 459-1254  
 medcorpco@gmail.com

CTP-10138

# QUOTE

Quote #230761188  
 Expires Feb 27, 2026  
 at 4:00 PM PST

**Contact**

Nanette Crawford  
 (661) 428-4387  
 Nanette.Crawford@kernmedical.com  
 1700 Mount Vernon Ave, Bakersfield, CA 93306

**Event Information**

Kern Medical Hospital  
 Monday, Mar 2 - Sunday, Nov 1, 2026

**Location / Venue**

Kern Medical Hospital  
 1700 Mount Vernon Ave, Bakersfield, CA 93306

**Rental Items**

3/2/2026 - 4/1/2026

Description

Qty

Unit

Total

**Deposit**

CMK operates under a 30-day refundable deposit policy to ensure customer satisfaction and fair transactions. Upon completing a transaction or service agreement, a deposit is required to secure the order or reservation for 30 days. The deposit remains refundable within this period, contingent on a successful inspection of the product, service, or leased item. An inspection is conducted to verify the condition, quality, and adherence to agreed-upon standards, determining whether the item meets the specified criteria.

1

\$2,000.00

\$2,000.00

If the product or service passes inspection, the deposit is refunded or credited toward the final payment. However, in cases of non-compliance or damage beyond normal wear and tear, a deduction may be made to cover repair, replacement, or restoration costs. Refunds are processed within a reasonable timeframe, typically within 30 days of the inspection, and customers are promptly notified about the inspection results and any deductions, ensuring transparency throughout the process.



**16ft Refrigeration/Freezer Trailer - RT 16C**

"Experience reliability and convenience with our 16ft Refrigeration/Freezer Trailer Rental, crafted to meet health department standards. This rental offers a secure and spacious refrigerated environment, ensuring the freshness and safety of perishable goods. Ideal for events, catering, or temporary storage needs, our trailer provides a certified and dependable solution for refrigeration or freezing requirements, ensuring compliance with health regulations while safeguarding your goods."

1

\$1,899.00

\$1,899.00



**16ft Refrigeration/Freezer Trailer - RT 16D**

"Experience reliability and convenience with our 16ft Refrigeration/Freezer Trailer Rental, crafted to meet health department standards. This rental offers a secure and spacious refrigerated environment, ensuring the freshness and safety of perishable goods. Ideal for events, catering, or temporary storage needs, our trailer provides a certified and dependable solution for refrigeration or freezing requirements, ensuring compliance with health regulations while safeguarding your goods."

1

\$1,899.00

\$1,899.00



**16ft Refrigeration/Freezer Trailer - RT 16E**

"Experience reliability and convenience with our 16ft Refrigeration/Freezer Trailer Rental, crafted to meet health department standards. This rental offers a secure and spacious refrigerated environment, ensuring the freshness and safety of perishable goods. Ideal for events, catering, or temporary storage needs, our trailer provides a certified and dependable solution for refrigeration or freezing requirements, ensuring compliance with health regulations while safeguarding your goods."

1

\$1,899.00

\$1,899.00





**24ft Commercial Dishwashing Trailer (DT-24B)**

Experience unmatched convenience with our DT 24B, a 24-foot commercial dishwashing trailer available for rent. Designed to meet your industrial dishwashing needs, this trailer offers a spacious and efficient environment, equipped with a 240/50-amp electrical requirement for seamless operation. Perfect for catering events, large-scale functions, or temporary setups, this rental provides a comprehensive solution for your dishwashing demands, ensuring a hassle-free and high-capacity cleaning experience.

1

~~\$7,999.00~~

\$7,599.05  
\$7,999.00



**32ft Commercial Kitchen Trailer - KT 32G**

"Introducing our CMK 32ft Commercial Kitchen Trailer Rental—a fully equipped and certified mobile kitchen. Designed to meet health department standards, this rental provides a safe and spacious environment for culinary endeavors. Perfect for events, catering, or temporary food service needs, our CMK trailer ensures compliance and convenience, empowering you to create culinary delights with confidence and ease."

1

~~\$8,299.00~~

\$7,884.05  
~~\$8,299.00~~



**32ft Commercial Kitchen Trailer - KT 32H**

"Introducing our CMK 32ft Commercial Kitchen Trailer Rental—a fully equipped and certified mobile kitchen. Designed to meet health department standards, this rental provides a safe and spacious environment for culinary endeavors. Perfect for events, catering, or temporary food service needs, our CMK trailer ensures compliance and convenience, empowering you to create culinary delights with confidence and ease."

1

~~\$8,299.00~~

\$7,884.05  
~~\$8,299.00~~



**40 lb. Grease Trap**

A crucial component in commercial food service operations, the 40 lb. Grease Trap plays a vital role in preventing greasy substances from entering plumbing systems, septic fields, and wastewater treatment facilities. By effectively capturing and containing grease, this trap ensures that it does not hinder proper processing and protects the environment from potential harm. Typically employed with cooking or prep sinks, pot sinks, and commercial dishwashers, grease traps like this one comply with local health codes and are essential for various applications in the food service industry.

3

~~\$99.00~~

\$148.50  
~~\$297.00~~



**ADA Ramp & Decking Rental**

"Enhance accessibility and safety for your CMK Commercial Kitchen Trailer with our ADA/OSHA Compliant Ramp and Decking Rentals. Designed specifically for the CMK trailer, these ramps and decking solutions adhere to ADA (Americans with Disabilities Act) and OSHA (Occupational Safety and Health Administration) standards, ensuring secure and convenient access for all. Ideal for events, mobile kitchens, or temporary setups, our rentals provide compliant, user-friendly access points, ensuring a seamless and inclusive experience for all users of the commercial kitchen trailer."

1

\$4,199.00

\$4,199.00

**Propane Tank Rental and Refilling Service**

CMK's Propane Tank Rental and Refilling Service offers a convenient, worry-free solution for all your propane needs. With our hassle-free rental system, you get easy access to high-quality propane tanks—no ownership required. Our reliable refilling service ensures your kitchen always has the propane it needs.



As part of the service, customers receive a 100-gallon propane credit each month. Any usage beyond this monthly allowance will be billed to the customer on their monthly invoice.

1

\$1,799.00

\$1,799.00

Trust CMK for reliable, affordable, and prompt propane solutions—tailored specifically for our commercial kitchen rentals. (Note: Terms subject to change due to fuel surcharge.)

**Logistics**

Description	Qty	Unit	Total
 <p><b>Standard Delivery (Drop-Off)</b> Eric, our internal driver, will aid in positioning and leveling the trailer, as well as guiding you through and addressing any queries you might have. Monday, 3/2 [TBD] 1700 Mount Vernon Ave, Bakersfield, CA 93306</p>	1	\$5,499.00	\$5,499.00
 <p><b>Standard Delivery (Pickup)</b> Eric, our internal driver, will aid in positioning and leveling the trailer, as well as guiding you through and addressing any queries you might have. Sunday, 11/1 [TBD] 1700 Mount Vernon Ave, Bakersfield, CA 93306</p>	1	\$5,499.00	\$5,499.00

**Make checks payable to:**  
MedCorp Distributing, Inc  
9150 Harvest Way, Atascadero, CA 93422  
*Memo:* Invoice #230761188

<b>Totals</b>	
Subtotal	\$49,587.00
Discount	-\$1,378.35
Tax	\$0.00
<b>Total*</b>	<b>\$48,208.65</b>
Due on Signature	\$24,104.33
Final Due on Feb 15, 2026	\$24,104.32
<b>Remaining Balance*</b>	<b>\$48,208.65</b>

Additional convenience fees may apply

Approved

# EQUIPMENT LEASE AGREEMENT

(Final Execution Version)

This Equipment Lease Agreement (“**Agreement**”) is entered into as of 2/15/2026 (“**Effective Date**”), by and between **MedCorp Distributing, Inc. dba California Mobile Kitchens**, a California corporation (“**Lessor**”), and **Kern Medical Center**, a public healthcare entity organized under the laws of the State of California (“**Lessee**”).

Lessor and Lessee may be referred to individually as a “**Party**” and collectively as the “**Parties.**”

---

## 1. PURPOSE

Lessor is the owner of certain mobile kitchen and related equipment. Lessee desires to lease such equipment from Lessor for use at Lessee’s facility, subject to the terms and conditions set forth herein.

---

## 2. EQUIPMENT LEASED

The equipment leased under this Agreement (“**Equipment**”) consists of the items identified in the California Mobile Kitchens quote and invoice documents attached hereto and incorporated by reference.

All Equipment shall remain the personal property of Lessor at all times.

---

## 3. TERM

This Agreement shall be on a **month-to-month basis**, commencing upon delivery of the Equipment, and may be terminated by Lessee upon **thirty (30) days’ prior written notice**, subject to Section 14 below.

---

## 4. RENT AND PAYMENT TERMS

Lessee shall pay all rent and other charges **without deduction or offset**, in advance, in accordance with the invoice schedule issued by Lessor.

An initial payment equal to **fifty percent (50%)** of the total contract amount is due upon execution. The remaining balance shall be due **fifteen (15) calendar days** prior to delivery or commencement of services, whichever occurs first.

---

## 5. LATE CHARGES

The Parties agree this late charge represents a reasonable estimate of Lessor's administrative and carrying costs and **is not intended as a penalty**. Late charges shall not compound.

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## 6. SECURITY DEPOSIT

Any security deposit paid shall be held to secure Lessee's performance and may be applied to unpaid charges or damage beyond normal wear and tear. Any unused portion shall be returned within a reasonable time following termination.

---

## 7. INSTALLATION AND UTILITIES

Lessee is solely responsible for providing all utilities, connections, permits, inspections, and approvals required for installation and operation of the Equipment, including but not limited to electrical, water, sewer, propane, grease traps, and ADA access.

The Equipment shall not be relocated without Lessor's prior written consent.

---

## 8. USE AND MAINTENANCE

Lessee shall use the Equipment in a careful and lawful manner and comply with all applicable laws, regulations, and health department requirements. Lessee shall not make alterations without Lessor's written consent.

---

## 9. INSPECTION

Unless Lessee provides written notice of defects within **forty-eight (48) hours** of delivery, the Equipment shall be deemed accepted **AS IS** and in good working order.

---

## 10. INSURANCE

### 10.1 Lessee Insurance / Self-Insurance

Lessee is a public entity and may satisfy insurance obligations through lawful self-insurance. Such self-insurance shall be deemed acceptable **provided coverage limits are maintained at levels no less than those required under this Agreement**, including:

- Commercial General Liability: \$1,000,000 per occurrence
- Automobile Liability: \$1,000,000 combined single limit
- Workers' Compensation: Statutory with employer's liability limits of \$1,000,000

### 10.2 Lessor Insurance

Lessor shall maintain commercially reasonable insurance consistent with industry standards for its operations.

---

## 11. LIMITATION OF LIABILITY

Neither Party shall be liable to the other for incidental or consequential damages, **except to the extent arising from gross negligence or willful misconduct**.

---

## 12. INDEMNIFICATION

To the extent permitted by California law, each Party shall indemnify, defend, and hold harmless the other Party and its officers, directors, employees, and agents from and against claims, damages, losses, liabilities, and reasonable attorneys' fees **to the extent caused by the negligent acts or omissions or willful misconduct of the indemnifying Party**.

No Party shall be required to indemnify the other for the **sole negligence or willful misconduct** of the indemnified Party.

---

## 13. DEFAULT

If Lessee fails to pay any undisputed amount due under this Agreement and such failure continues for **thirty (30) days after written notice**, Lessor may declare all unpaid amounts accrued to the date of default immediately due and payable and may pursue remedies available under California law.

---

## 14. TERMINATION

Upon termination, Lessee shall return the Equipment in the condition received, normal wear and tear excepted. Termination shall **not relieve Lessee of payment obligations accrued prior to the effective termination date**, including rent, late charges, or removal costs.

---

## 15. ATTORNEYS' FEES

In any action to enforce this Agreement, the prevailing Party shall be entitled to recover **reasonable attorneys' fees and costs**.

---

## 16. GOVERNING LAW AND VENUE

This Agreement shall be governed by the laws of the State of California. **Exclusive venue** for any action shall be the state or federal courts located in **San Luis Obispo County, California**.

---

## 17. HIPAA AND CONFIDENTIALITY

Lessor acknowledges Lessee is a covered healthcare entity. Lessor shall not access or use Protected Health Information and shall comply with applicable confidentiality and HIPAA requirements.

---

## **18. AUDIT AND RECORDS**

Lessor shall maintain records as required by applicable healthcare regulations and permit lawful audit requests consistent with public entity requirements.

---

## **19. ASSIGNMENT**

Lessee shall not assign this Agreement without Lessor's prior written consent.

---

## **20. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the Parties and may be amended only by a written document executed by both Parties.

---

## **21. EXECUTION**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date first written above.

---

**LESSOR:**

MedCorp Distributing, Inc.  
dba California Mobile Kitchens

By: \_\_\_\_\_  
Name: **Tomas G. Medeiros, Jr.**  
Title: **Chief Financial Officer**  
Date: \_\_\_\_\_

---

**LESSEE:**  
Kern County Hospital Authority

By: \_\_\_\_\_  
Name: Philip Mclaughlin  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Phillip Jenkins  
Kern County Hospital Authority

**EXHIBIT A**  
**Equipment List**

The Equipment subject to this Agreement consists of the mobile kitchen trailers, refrigeration/freezer trailers, dishwashing trailers, accessories, logistics services, and related items as more fully described in the California Mobile Kitchens Quote and Invoice No. 230761188, dated October 16, 2025, attached hereto and incorporated herein by reference.

**EXHIBIT A**  
**Equipment List**

The Equipment subject to this Agreement consists of the mobile kitchen trailers, refrigeration/freezer trailers, dishwashing trailers, accessories, logistics services, and related items as more fully described in the California Mobile Kitchens Quote and Invoice No. 230761188, dated October 16, 2025, attached hereto and incorporated herein by reference.

# 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. See Specific Instructions on page 3.

1	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>Medcorp Distributing Inc.</b>	
2	Business name/disregarded entity name, if different from above. <b>DBA California Mobile Kitchens</b>	
3a	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. <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 <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) <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. <input type="checkbox"/> Other (see instructions)	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ <i>(Applies to accounts maintained outside the United States.)</i>
3b	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"/>	
5	Address (number, street, and apt. or suite no.). See instructions. <b>PO BOX 2307</b>	Requester's name and address (optional)
6	City, state, and ZIP code <b>PASO ROBLES CA 93447</b>	
7	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.

<b>Social security number</b>										
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or										
<b>Employer identification number</b>										
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26	-	46	31	38	2					

**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.

## 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 the certification, but you must provide your correct TIN. See the instructions for Part II, later.

**Sign Here**    Signature of U.S. person

Date **10/30/24**

## 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



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

February 18, 2026

**Subject:** Proposed Change Order No. 3 to Agreement 160-2024 with Nwestco, LLC

**Recommended Action:** Make finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of state CEQA guidelines; Approve; Authorize Chairman to sign; Authorize the Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price

**Summary:**

Kern Medical requests your Board approve proposed Change Order No. 3 to the Agreement with Nwestco, LLC, in the amount of \$7,408 for scope adjustments to install the new above ground fuel tank at the Kern Medical campus. On September 18, 2024, your Board approved an agreement with Nwestco, LLC, in the amount of \$193,947 with authorization for the Chief Executive Officer to execute future change orders in an amount not to exceed 10% the total contract price.

On February 18, 2025, the Chief Executive Officer approved Change Order No. 1 for a credit of \$3,061, reflecting design modifications for installation on an existing tank that eliminated new footings and installation of the fill tank outside the D Yard enclosure per the City of Bakersfield Fire Marshal.

On March 11, 2025, the Chief Executive Officer approved Change Order No. 2 in the amount of \$1,509, reflecting the City of Bakersfield's required fill tank modifications that resulted in a credit for the four-leg spill container and additional costs for a new wall-mounted fill tank installed at the exterior of the D Wing Yard.

This proposed Change Order No. 3 in the amount of \$7,408 provides compensation to the contractor for permit fees, diesel removal from the site, and replacement of the fill box.

Therefore, it is recommended that your Board make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of state CEQA guidelines, approve the agreement, authorize Chairman to sign, and authorize the Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price of \$199,803 for approval of up to \$219,784.

# CHANGE ORDER

**PROJECT:**

Above Ground Fuel Tank  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

**PROJECT NO.:** 10073  
**CONTRACT NO.:** 160-2024

**CONTRACTOR:**

Nwestco, LLC  
115 Industrial Ct.  
Kalispell, MT 59901

**CHANGE ORDER NO.:** Three (3)

**DATE:** February 18, 2026

<b>DESCRIPTION OF CHANGE</b>		<b>ADD</b>	<b>DEDUCT</b>
1	Provide all labor, material and equipment to install a new fill box for the new above ground fuel tank.	\$5,107.92	
2.	Provide all labor, material and equipment to remove diesel from site.	\$1,260.00	
3.	Reimburse fees for Fire Department Permits.	\$1,040.00	
	<b>CHANGE ORDER NO. 3 TOTAL (ADD)</b>	\$7,407.92	
	<b>CHANGE ORDER NO. 2 TOTAL (ADD)</b>	\$1,509.00	
	<b>CHANGE ORDER NO. 1 TOTAL (DEDUCT)</b>		(\$3,060.90)
	<b>ORIGINAL CONTRACT PRICE</b>	\$193,946.57	
	<b>NEW CONTRACT AMOUNT</b>	\$199,802.59	

## **REASON FOR CHANGE**

1. The fill box was hit by a vendor and must be replaced.
2. Compensate contractor to haul off diesel from site.
3. Reimburse Contractor for permit fees.

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:**

Nwestco, LLC

BY: *Bryan Self*  
Bryan A. Self, Branch Manager

**APPROVED AS TO CONTENT:**

BY: \_\_\_\_\_  
Tyler Whitezell, COO

**APPROVED AS TO FORM:**

Legal Services Department

BY: *Phillip Jenkins*  
Phillip Jenkins  
Hospital Counsel

**KERN MEDICAL CENTER**

BY: \_\_\_\_\_  
Scott Thygerson, CEO  
"KCHA"

**KERN COUNTY HOSPITAL AUTHORITY**

BY: \_\_\_\_\_  
Philip McLaughlin, Chair Board of Governors



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

February 18, 2026

**SUBJECT:** Proposed Amendment No. 2 to Master Services Agreement 053-2021A-D with Stericycle, Inc. to provide disposal of hazardous waste for KCHA locations

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

**Summary:**

Kern Medical is requesting the Board's approval for Amendment No. 2 with Stericycle, Inc., to add a new waste disposal location at Stockdale outpatient clinics (Valley Fever Institute, 8500 Stockdale Hwy., Suite 150). This Amendment will increase the contract value of \$1,692,000 to a new not-to-exceed amount of \$1,697,000, an increase of \$5,000, effective February 18, 2026 through August 31, 2026.

On September 15, 2021, your Board entered into a five (5) year Master Services Agreement (MSA) , HealthTrust – HPG 2621, for a variety of waste disposal services with Stericycle, Inc.

On March 20, 2024, your Board amended the MSA to increase the maximum payable from \$300,000 to \$660,000 to cover expenses associated with additional locations.

This proposed Amendment No. 2 will add services to the Stockdale outpatient clinics.

Therefore, it is recommended that the Board approve the Amendment No. 2 with Stericycle, Inc., to add a new waste disposal location at Stockdale outpatient clinics (Valley Fever Institute, 8500 Stockdale Hwy., Suite 150), increasing the not to exceed amount from \$1,692,000 to \$1,697,000, an increase of \$5,000, effective February 18, 2026 through August 31, 2026, and authorize the Chairman to sign.



Call Report Case #: 20772944

**CALL REPORT**

Ship-To Account #: 3001333503  
 Sold-To Account #: 1000892715  
 Customer Name: VALLEY FEVER INSTITUTE  
 Address: 8500 STOCKDALE HIGHWAY  
 City, St, Zip BAKERSFIELD, California 93311-1002  
 PO #:

Contact Name: Rebekah Morales  
 Contact Dept:  
 Phone # (661) 326-2480  
 Install Contact: Rebekah Morales  
 Request by: Rebekah Morales

Waste Stream	Qty	Product	Product Type	Service Type	Self Service or Full Service	Monthly Fee	One-Time Fee
Pharma	15	4 Gallon - 30000076	Pharma Blue	Add'l Location	Self-service		\$120.00
Pharma	15	4 Gal Cabinet - 70000742	Pharma Blue	Add'l Location	Self-service		\$0.00
Pharma	1	8 Gallon Trap - 30000407	Pharma Blue	Add'l Location	Self-service		\$12.00
Pharma	1	8 Gal Wire Dolly w/Lock -	Pharma Blue	Add'l Location	Self-service		\$0.00

Installer: Customer

Total Change in Monthly Fee: \$0.00  
 Total One-Time Fee: \$132.00  
 Installation Fee: \$0.00

Additional Comments:

AUTHORIZED CUSTOMER SIGNATURE:

Name: Philip McLaughlin, Chairman  
 Date: \_\_\_\_\_  
 Signature: \_\_\_\_\_

AUTHORIZED STERICYCLE SIGNATURE:

Name: Ayah Imran  
 Date: 1/29/2026  
 Signature: Ayah F Imran

\*By signing I acknowledge that I am an authorized representative at this location and approve changes listed above. Stericycle, Inc, reserves the right to make necessary pricing adjustments on this call report based on the existing agreement on file in order to properly fulfill terms of agreement. Stericycle cannot initiate ordering of requested containers and hardware until a signed copy of this Call Report is submitted to Customer Service. NOTE: the requested delivery date is dependent upon receipt of signed form. There is an estimated two (2) week lead time for delivery of containers once this request is submitted for processing.

APPROVED AS TO FORM:  
 Legal Services Department

By Phillip Jenkins  
 Kern County Hospital Authority

## Certificate Of Completion

Envelope Id: 2FCE3A16-608F-4BAD-8C48-05C3861C5D65  
Subject: Complete with Docusign: Call-Report-Case-20772944.pdf  
Source Envelope:  
Document Pages: 1  
Certificate Pages: 1  
AutoNav: Enabled  
Envelopeld Stamping: Enabled  
Time Zone: (UTC-06:00) Central Time (US & Canada)

Status: Delivered  
  
Envelope Originator:  
Ayah Imran  
2355 Waukegan Road  
Bannockburn, IL 60062  
ayah.imran@stericycle.com  
IP Address: 172.9.54.183

## Record Tracking

Status: Original  
1/20/2026 7:42:43 AM  
Holder: Ayah Imran  
ayah.imran@stericycle.com  
Location: DocuSign

## Signer Events

Rebekah Morales  
rebekah.morales@kernmedical.com  
Security Level: Email, Account Authentication  
(None)

## Signature

## Timestamp

Sent: 1/20/2026 7:45:53 AM  
Viewed: 1/20/2026 7:46:24 AM

**Electronic Record and Signature Disclosure:**  
Not Offered via Docusign

## In Person Signer Events

## Signature

## Timestamp

## Editor Delivery Events

## Status

## Timestamp

## Agent Delivery Events

## Status

## Timestamp

## Intermediary Delivery Events

## Status

## Timestamp

## Certified Delivery Events

## Status

## Timestamp

## Carbon Copy Events

## Status

## Timestamp

## Witness Events

## Signature

## Timestamp

## Notary Events

## Signature

## Timestamp

## Envelope Summary Events

## Status

## Timestamps

Envelope Sent  
Certified Delivered  
Hashed/Encrypted  
Security Checked  
1/20/2026 7:45:53 AM  
1/20/2026 7:46:24 AM

## Payment Events

## Status

## Timestamps



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

February 18, 2026

**Subject:** Proposed Master Services and Business Associate Agreements with RSM US LLP to purchase virtual Chief Information Security Officer (vCISO) services

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

**Summary:**

Kern Medical requests that your Board approve the Master Services and Business Associate Agreements with RSM US LLP to purchase virtual Chief Information Security Officer (vCISO) services. RSM US LLP will provide vCISO advisory services that includes a NIST CSF cybersecurity assessment, a HPA Security Risk assessment, and a current state cyber security maturity review.

This proposed purchase of services will support Kern Medical's compliance with both federal and state compliance and privacy laws, enhance cybersecurity, guide remediation and funding decisions, meet cyber insurance requirements, and mitigate risks of regulatory findings, incidents, and unplanned security expenses. Failure to approve this agreement could increase cybersecurity and regulatory risks.

The maximum payable is \$203,250 for a term of one (1) year beginning on the effective date February 18, 2026.

Counsel is unable to approve due to nonstandard terms, which include a limited liability clause that applies to both the master services agreement and the business associate agreement and shortened reporting times for breaches of information. Efforts were made to negotiate alternative verbiage with the vendor, but to no avail.

Therefore, it is recommended that your Board approve the proposed Master Services and Business Associate Agreements with RSM US LLP to purchase virtual Chief Information Security Officer (vCISO) services with non-standard terms and conditions, with a maximum payable of \$203,250, for the period of February 18, 2026 to February 17, 2027, and authorize the Chairman to sign.

## MASTER SERVICES AGREEMENT

THIS MASTER SERVICES AGREEMENT (“Agreement”) is made as of February 9, 2026 (“Effective Date”), by and between RSM US LLP, an Iowa limited liability partnership (“RSM,” “we,” “us” or “our”) and Kern County Hospital Authority, a California limited liability company, with an office at 1700 Mt. Vernon Avenue, Bakersfield, California 93306 (“Client,” “you” or “your”). This Agreement will serve as the master agreement for the provision of all Services (defined below) to Client by RSM during the Term (defined below). RSM and Client are also individually referred to herein as a “Party” and together as the “Parties.”

### 1. The Services

**1.1. Statement(s) of Work: Affiliates.** RSM will furnish to Client the services described in separately executed statements of work which incorporate the terms of this Agreement (“SOW”). Each SOW will specify: (i) the specific services to be furnished by RSM (“Services”); (ii) the client-specific Work Product (defined below), if any; (iii) the applicable Fees (defined below) and payment terms related thereto; and (iv) any other applicable terms.

1.1.1. This Agreement may be extended to any Affiliate (defined below) of Client that executes a SOW agreeing to be bound by the terms of this Agreement; in which case, for purposes of such SOW, the term “Client” as used in this Agreement shall include the Affiliate of Client that executes such SOW (a “Participating Affiliate”). Notwithstanding anything stated to the contrary, neither this Agreement, nor any SOW, will create any client relationship between RSM and any person or entity other than a Participating Affiliate. The term “Affiliate” as used herein means any entity that directly or indirectly, through one or more intermediaries, owns, controls, controls a majority of the operating assets of, is controlled by, is managed by, or is under common control or management with a Party to this Agreement.

**1.2. Change Orders.** Client may request, or RSM may recommend, additional services or modifications to the Services set forth in a SOW by delivering a written change order request to the other Party. RSM will determine the cost and/or schedule impact, if any, of the requested or recommended change(s), and memorialize this in a written proposal delivered to Client (“Change Order”). Neither Party will have any obligations under a Change Order unless such Change Order is executed by both Parties.

## 2. Compensation

**2.1. Fees, Expenses, and Taxes.** The fees for the Services (“Fees”) and expenses incurred by the RSM Parties (defined in Section 3.1 below) in connection therewith (“Expenses”) shall be as described in the applicable SOW. In addition to the payment of Fees and Expenses, Client is responsible for, and agrees to pay, all sales, use, value added, personal property, federal goods and services, applicable provincial and harmonized sales taxes, and similar taxes, tariffs, or government charges related to the Services, excepting (i) taxes based on the income of RSM, and (ii) those taxes for which Client is tax exempt (collectively, “Taxes”). In the event Client claims tax-exempt status, Client shall provide RSM with sufficient documentation evidencing Client’s tax-exempt status.

**2.2. Payment.** RSM will submit invoices to Client for its Fees, Expenses and Taxes as specified in the applicable SOW. RSM, at its discretion, may invoice Client as RSM US LLP or from one of its Affiliates. Unless otherwise specified in the applicable SOW, such invoices will be due and payable within thirty (30) days of Client’s receipt of the invoice. Unless otherwise expressly stated in this Agreement or an SOW, any reference to days shall mean calendar days. RSM will use commercially reasonable efforts to include all Expenses and Taxes on its invoices on a timely basis, but Client acknowledges and agrees that certain Expenses and Taxes may not appear upon the same invoice on which the related Fees appear. In the event that Client fails to pay any invoiced amounts in a timely manner, upon written notice to Client, RSM shall have the right to terminate the Services or suspend the Services under any and all outstanding SOWs until such time as Client pays such unpaid invoiced amounts in full. No RSM Party will be liable for any loss, damage, or expense arising out of or from, or relating to, such termination or suspension, including, but not limited to, any loss of information or data stored on a Third-Party Product (defined in Section 8.12). Termination or suspension of the Services shall not limit RSM from pursuing any other rights available at law or in equity and is in addition to, not in lieu of, RSM’s termination rights under Section 7 and/or under the applicable SOW(s).

## 3. Use and Ownership

**3.1. Client Materials, Work Product, and RSM Information.** “Work Product” means any work product authored, prepared, developed or created by RSM or its partners, principals, directors, officers, employees, contractors, subcontractors, affiliates, subsidiaries, agents, representatives, successors, and assigns (collectively, the “RSM Parties” and each individually, an “RSM Party”) in connection with the Services. Except for any information, data, or other material provided by Client to RSM in connection with the Services hereunder (“Client Materials”), all of which shall remain, and is, the sole and exclusive property of Client, RSM reserves all rights in and to all Work Product and RSM Information. Client will, at no cost to RSM, provide to the RSM Parties those Client Materials necessary for the RSM Parties to perform the Services. Client hereby grants to the RSM Parties solely for the purposes of providing Services hereunder a non-exclusive, non-transferable right to use, modify, and copy (for archival purposes) the Client Materials, including any Client Materials which are software, whether such software is licensed from a third party or owned by Client. Client represents and warrants that it has, or will obtain, all rights and permissions required to grant the RSM Parties the rights to the Client Materials set forth in this Agreement. As used herein, the term “RSM Information” shall mean all material owned, licensed, authored, created, developed or

purchased by the RSM Parties (or any third party under contract to an RSM Party) independent of the Services provided hereunder, including, without limitation, trademarks, service marks, copyrights, trade secrets, know-how, methodology, templates, flowcharts, software, software design, generic programming code, and similar materials, including any derivative works thereof and improvements, enhancements, and modifications thereto created in the course of performing the Services hereunder. Subject to the limitations set forth herein, Client shall have a perpetual, nontransferable (except as permitted under Section 8.1), royalty-free, worldwide license, without the right to grant sublicenses (except that Client may grant sublicenses to its Participating Affiliates consistent with the license restrictions and limitations set forth herein), to use, copy and modify the Work Product, including any RSM Information incorporated therein or provided therewith: (i) solely for the purpose of using such materials in Client's internal business; and (ii) in accordance with any limitations and restrictions set forth in Client's licenses with third parties. Unless otherwise expressly agreed upon by RSM in the applicable SOW, this license to RSM Information does not entitle Client to any updates, upgrades, or new versions of the RSM Information or any related support or services. Except as expressly granted herein, neither Party shall acquire any right in or to any information, data, or other material of the other Party.

**3.2. Sole Benefit and Use.** Client acknowledges and agrees that any Work Product or RSM Information provided to Client by the RSM Parties in connection with this Agreement (collectively, "Work") is for the sole benefit and use of Client and (except (i) as expressly permitted by the applicable SOW, (ii) as required by law, or (iii) for provision to Client's external auditors, accountants (other than successor accountants), and legal counsel who (a) need to know the information in the ordinary course of Client's business, (b) are subject to obligations of confidentiality, and (c) will access and use such Work solely for the benefit of Client) may not be made available to or relied upon or used by any third party unless Client first obtains from such third party and provides to RSM an executed release letter provided to Client by RSM, without substantive modifications thereto, with respect to such disclosed Work. In no event will any Work of the RSM Parties be referred to or quoted, in whole or in part, in any registration statement, prospectus, public filing, loan agreement or other document.

#### **4. Reserved**

#### **5. Warranties, Sanctions Affirmations, and Disclaimers**

**5.1. Mutual.** Each Party represents and warrants that: (i) it is a legal entity duly organized, validly existing and in good standing; (ii) this Agreement constitutes the legal, valid, and binding obligations of such Party, enforceable against it in accordance with its terms; (iii) it will use commercially reasonable efforts to comply with those laws applicable to the performance of its obligations hereunder; and (iv) it will avoid deceptive, misleading or unethical practices that could adversely affect the performance of the other Party's obligations under this Agreement.

**5.2. Sanctions Affirmations.** Each Party affirms it has not been placed on a Sanctioned List (defined below) and will promptly notify the other Party upon becoming aware that it has been placed on a Sanctioned List at any time throughout the duration of this Agreement. Client shall not, and shall not permit third parties to, access or use any of the Work Product, RSM Information or Third-Party Products provided

hereunder in violation of any applicable sanctions laws or regulations, including, but not limited to, accessing or using the Work Product, RSM Information or any Third-Party Products provided hereunder from any territory under embargo by the United States or Canada. Client shall not knowingly cause RSM to violate any sanctions applicable to RSM. As used herein “Sanctioned List” means any sanctioned person or entity lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the Consolidated Canadian Autonomous Sanctions List, the United Nations Security Council, the European Union, Australia or the United Kingdom.

**5.3. Warranty of Services.** RSM warrants that the Services shall be performed with reasonable care in a diligent and competent manner. If Client believes RSM has breached the foregoing warranty in connection with any SOW, Client shall provide written notice to RSM of such breach within thirty (30) days after the performance of the nonconforming Services. Such notice shall include reasonably specific details (including any documentation referenced therein) regarding such breach. RSM’s sole obligation and liability, and Client’s sole and exclusive remedy, with respect to the breach of such warranty will be for RSM to use commercially reasonable efforts to cure such breach. In the event RSM cannot cure such breach using commercially reasonable efforts, RSM shall refund to Client the Fees paid to RSM for the nonconforming portion of the Services. For sake of clarity, RSM will not be obligated under this Section to correct, cure or otherwise remedy any nonconforming Services if: (i) the nonconformity is a result of alterations or modifications to Work Product or RSM Information made by Client or a third party (other than RSM’s subcontractors) and such alteration or modification was the cause of the nonconformity; (ii) the nonconformity is the result of Client’s or a third party’s (other than RSM’s subcontractors) combination of Work Product or RSM Information with other materials, equipment, hardware, software, products or technology and such combination was the cause of the nonconformity; (iii) the nonconformity is caused by data or information entered or provided by Client or a third party (other than RSM’s subcontractors) that is corrupt, erroneous or in an improper format; (iv) the nonconformity is a result of Client’s breach of its obligations under this Agreement or the applicable SOW; (v) the nonconformity arises or results from the underlying design, operation, performance, availability, or scalability of a Third-Party Product; or (vi) RSM has not been notified in writing by Client of the existence and nature of such nonconformity within the warranty period. Unless otherwise expressly stated in this Agreement or an SOW, any reference to the term “subcontractor” as it relates to RSM’s use of a subcontractor shall include RSM’s Affiliates.

**5.4. DISCLAIMER. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, (I) THE WORK PRODUCT, RSM INFORMATION, AND SERVICES, AND (II) ANY THIRD-PARTY PRODUCT UTILIZED OR RECOMMENDED IN CONNECTION WITH THE SERVICES, ARE PROVIDED OR RECOMMENDED “AS IS,” AND THE RSM PARTIES DISCLAIM ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS, IMPLIED, OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO: (A) THE IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE; AND (B) ANY WARRANTY OR REPRESENTATION THAT ANY SERVICES, WORK PRODUCT, RSM INFORMATION, OR THIRD-PARTY PRODUCTS ARE FREE FROM ERROR. CLIENT SPECIFICALLY WAIVES ANY AND ALL SUCH WARRANTIES AND REPRESENTATIONS AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM COURSE OF DEALING OR USAGE OF TRADE.**

## 6. Indemnification and Limitation of Liability

**6.1. Indemnification.** Client will indemnify and hold the RSM Parties harmless from and against all costs, expenses, fees (including reasonable legal fees, expenses, and costs), damages, losses, and other liabilities arising from: (i) any claim made by a third party relating to Client's use, or disclosure to others, of any Work Product or RSM Information from RSM in a manner other than as expressly permitted by this Agreement; (ii) any claim made by a third party alleging that any Client Materials provided by Client to RSM infringes any third-party patent, copyright, or trademark, or misappropriates any trade secret; (iii) any claim by a third party relating to Client's actual or alleged breach of the representations and warranties contained in Sections 2.2 and 3.1 of the Confidential Information and Data Protection Exhibit attached hereto; (iv) any claim brought by an Affiliate of Client but only if such Affiliate (a) claims reliance on the Services, Work Product, or RSM Information, (b) brings or threatens to bring a claim, action, suit or other legal proceeding against an RSM Party in connection with such reliance, **and** (c) denies that such claim, action, suit or other legal proceeding is subject to the terms of this Agreement; or (v) to the extent Client is given access by an RSM Party to a Third-Party Product in connection with the Services, any claim made by a third-party relating to the improper use of a Third-Party Product, or a violation of the terms of the applicable end-user license agreement for such Third-Party Product, by Client or any user to whom Client grants access to such Third-Party Product.

### **6.2. LIMITATION OF LIABILITY.**

**6.2.1. EXCEPT FOR (I) A PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS AGREEMENT, AND (II) THOSE CLAIMS ARISING FROM SERVICES PERFORMED BY A SUBCONTRACTOR GOVERNED BY THE LIMITATIONS ON LIABILITY SET FORTH IN SECTION 6.2.2 BELOW, TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF RSM AND CLIENT AND THEIR RESPECTIVE PARTNERS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, SUBCONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "COVERED PARTIES" AND EACH, INDIVIDUALLY, A "COVERED PARTY") ARISING OUT OF OR FROM, OR RELATING TO, THIS AGREEMENT OR THE SERVICES, WORK PRODUCT, OR RSM INFORMATION PROVIDED HEREUNDER, REGARDLESS OF THE CIRCUMSTANCES OR NATURE OR TYPE OF CLAIM, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING FROM A COVERED PARTY'S NEGLIGENCE OR BREACH OF CONTRACT OR WARRANTY, OR RELATING TO OR ARISING FROM A GOVERNMENT, REGULATORY OR ENFORCEMENT ACTION, INVESTIGATION, PROCEEDING, OR FINE, WILL NOT EXCEED THE TOTAL AMOUNT OF THE FEES PAID BY CLIENT TO RSM DURING THE IMMEDIATELY PRECEDING TWELVE (12) MONTHS UNDER THE SOW THAT GAVE RISE TO SUCH LIABILITY. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS LIMITATION OF LIABILITY PROVISION SHALL, OR SHALL BE INTERPRETED OR CONSTRUED TO, RELIEVE CLIENT OF ITS PAYMENT OBLIGATIONS TO RSM UNDER THIS AGREEMENT.**

**IN NO EVENT WILL ANY OF THE COVERED PARTIES BE LIABLE FOR THE INTERRUPTION OR LOSS OF BUSINESS, ANY LOST PROFITS, SAVINGS, REVENUE, GOODWILL, SOFTWARE, HARDWARE, OR DATA, OR THE LOSS OF USE THEREOF (REGARDLESS OF WHETHER SUCH**

**LOSSES ARE DEEMED DIRECT DAMAGES), OR ANY INCIDENTAL, INDIRECT, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR SIMILAR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

**6.2.2. THE TOTAL AGGREGATE LIABILITY OF THE RSM PARTIES WITH RESPECT TO CLAIMS ARISING FROM OR OUT OF, OR RELATING TO, THE SERVICES PERFORMED BY A SUBCONTRACTOR WILL IN NO EVENT EXCEED AN AMOUNT EQUAL TO THE FEES PAID TO SUCH SUBCONTRACTOR FOR ITS SERVICES UNDER THE APPLICABLE SOW GIVING RISE TO THE LIABILITY.**

**6.2.3. NOTWITHSTANDING THE FOREGOING AND ANYTHING STATED TO THE CONTRARY IN THIS AGREEMENT OR ANY STATEMENT OF WORK, IN NO EVENT SHALL THE TOTAL AGGREGATE LIABILITY OF A PARTY (AND ITS RESPECTIVE PARTNERS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, SUBCONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS) ARISING OUT OF, FROM, OR RELATING TO: (I) ANY CYBERSECURITY INCIDENT AND/OR BREACH OF PHI OR PERSONAL INFORMATION, (II) A FAILURE TO COMPLY WITH, OR A VIOLATION OF, ANY APPLICABLE PRIVACY, CYBERSECURITY, OR DATA PROTECTION LAWS; (III) A BREACH OR VIOLATION OF, OR FAILURE TO COMPLY WITH, THE CONFIDENTIALITY, SECURITY OR DATA PROTECTION OBLIGATIONS CONTAINED IN THIS AGREEMENT (INCLUDING BUT NOT LIMITED TO THE BAA) EXCEED ONE MILLION DOLLARS (\$1,000,000).**

**6.3. Time to Bring Claims.** No claim or action by either Party, regardless of whether the claim is in contract, in tort, at law or in equity, arising out of or from, or relating to, any matter under this Agreement, may be brought by either Party more than twenty-four (24) months after the Party first knows or has reason to know that the claim or cause of action has accrued, but in no event more than thirty-six (36) months following the performance of the Services giving rise to the claim or action. This Section may shorten, but in no event will it extend, any period of limitation on actions otherwise provided by applicable law.

## **7. Term and Termination**

**7.1. Term.** This Agreement will commence on the Effective Date and will continue until it is terminated by one or both of the Parties in accordance with this Section 7 ("Term"). Unless otherwise set forth in a SOW, either Party may terminate this Agreement and/or a SOW for any reason upon fifteen (15) days' prior written notice to the other Party.

**7.2. Additional Termination Rights.** Either Party may terminate this Agreement and/or a SOW for a material breach that remains uncured for thirty (30) days after the breaching Party receives written notice of such breach from the non-breaching Party. The non-breaching Party shall not be liable to the breaching Party for any losses, damages or expenses resulting from the non-breaching Party's termination of this Agreement and/or a SOW due to a material breach by the breaching party, including, but not limited to, any loss of information or data stored on a Third-Party Product. To avoid any doubt, Client's failure to make payment in a timely manner shall constitute a material breach of this Agreement. Either Party may also terminate this Agreement and/or any SOW upon written notice if: (i) circumstances arise that in its judgment

would cause its continued performance to result in a violation of law, regulatory requirement, legal process, contractual obligation with a third party, or applicable professional or ethical standards; or (ii) the other Party, or any director, executive, partner or principal of, or other person closely associated with such other Party or its Affiliate, is placed on a Sanctioned List.

**7.3. Effect of Termination.** Upon the effective date of a termination of this Agreement: (i) RSM shall submit to Client an itemized final invoice for any Fees, Expenses, and any related Taxes not previously invoiced under this Agreement; (ii) within thirty (30) days after receipt of RSM's final invoice, Client shall pay all amounts due to RSM pursuant to such invoice and all other outstanding invoices; (iii) no RSM Party shall have any further responsibility for any incomplete or in-process Services or Work Product as of the date of termination; (iv) to the extent RSM hosts, stores, or otherwise maintains any data or information on behalf of Client as part of the Services it provides to Client under this Agreement, RSM will transfer such Client information and data to a platform or database designated by Client and, if no such platform or database is designated by Client within the sooner of (a) thirty (30) days from the effective date of termination, or (b) the period prescribed by law, regulatory authorities or RSM's professional or ethical obligations as a licensed CPA firm, RSM will download Client's data and information onto an external storage device and provide it to Client; in each case, unless otherwise agreed upon in writing by the Parties at such time, Client will pay RSM for such services on a time and material basis at RSM's then current hourly rates and reimburse RSM for any Expenses incurred in connection with such services; (v) Client shall pay RSM or the applicable RSM Affiliate in full for any fees which RSM or such RSM Affiliate committed to a third party on behalf of Client or in connection with the Services (including, but not limited to, any fees paid by RSM or an RSM Affiliate to the Licensor of a Third-Party Product) where such commitment is not cancellable; and (vi) to the extent (a) permitted by applicable laws, regulatory authorities, and professional and ethical standards, and (b) both Parties mutually agree in writing at such time, RSM will provide Client with up to thirty (30) days of termination transition services. The scope, cost, and timing of such termination transition services will be mutually agreed upon by the Parties in writing at such time. With respect to a termination of a SOW, the Parties shall follow the same requirements as set forth in above.

## 8. General Provisions

**8.1. Transfer or Assignment.** Neither this Agreement nor any other obligations of a Party under this Agreement may be assigned or delegated by a Party without the written consent of the other Party, which shall not be unreasonably withheld. Any such transfer or assignment will become effective only if and when the transferee or assignee agrees in writing to be bound by the terms of this Agreement.

**8.2. Force Majeure.** Neither Party will be responsible for any delay or failure in performance resulting from acts beyond such Party's reasonable control (each a "Force Majeure Event"). Force Majeure Events include, but are not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At its option, Client may terminate any SOW where Services thereunder are delayed more than sixty (60) days by a Force Majeure Event(s); provided, however, that Client is not excused from paying RSM for all amounts owed for Services rendered and Work Product provided prior to the termination of the SOW. A Force Majeure Event shall not include any cyberattack, system or network outage, data loss,

service interruption, or similar event to the extent such event results from the failure of the affected Party to maintain commercially reasonable administrative, physical, and technical safeguards, cybersecurity controls, business continuity procedures, or disaster recovery capabilities. A Force Majeure Event may not extend any payment obligation of Client by more than thirty (30) days, unless the Force Majeure Event has rendered Client's performance objectively impossible, which for the avoidance of doubt, does not include where non-performance is based on financial difficulty or economic hardship caused by a Force Majeure Event.

**8.3. Publicity.** Neither Party shall cause or permit to be released any publicity, advertisement, news release, or public announcement regarding any aspect of this Agreement or the relationship between the Parties without the other Party's prior written consent. Notwithstanding the foregoing, RSM may include Client's name in a client list that it provides to individual existing or prospective clients for marketing purposes, as well as, in a response to a client's or prospect's request for proposal or information. Client shall not use RSM's name, trade name, service marks, trademarks, trade dress or logo without RSM's prior written consent.

**8.4. Nonsolicitation.** To the fullest extent permitted by law, during the term of the applicable SOW and for a period of one (1) year following its expiration or termination, Client will not itself or through a third party solicit for employment, or for partnership, ownership, or a contractor relationship, any of RSM's partners, principals or employees (including former partners, principals or employees) who were involved in providing Services under such SOW. In the event that Client breaches this provision, Client agrees to pay to RSM, within thirty (30) days after demand, an amount equal to the most recent annual base salary (for employees) or annual income allocation (for partners or principals) of such RSM partner, principal or employee.

**8.5. No Agency.** RSM is an independent contractor. Neither Party's partners, principals nor employees will be considered employees of the other Party for any purpose. Nothing in this Agreement shall be construed to create the relationship of principal and agent, employer and employee, partners or joint venturers between RSM and Client, and neither Party has the authority to bind the other Party to any third party.

**8.6. Survival.** The following Sections will survive the termination of this Agreement as applicable: 2.2 (Payment), 3 (Use and Ownership), 5 (Warranties, Sanctions Affirmations and Disclaimers), 6 (Indemnification and Limitation of Liability), 7.3 (Effect of Termination), and 8 (General Provisions), together with accrued payment obligations. In addition, the provisions set forth in the Confidential Information and Data Protection Exhibit attached hereto shall survive the termination or expiration of this Agreement for a period of one (1) year; provided, however, that with respect to: (i) any Confidential Information that has been designated by the Disclosing Party as "trade secret" information; (ii) Personal Information; or (iii) RSM Information, the confidentiality obligations set forth in the Confidential Information and Data Protection Exhibit attached hereto shall remain in effect for so long as such Information retains its status under applicable law.

**8.7. No Third-Party Beneficiaries.** Neither Party intends that there be any third-party beneficiaries to this Agreement, except with respect to the RSM Parties as provided under Sections 5.4, 6.1, 6.2, 8.11 and 8.12.

**8.8. Notices.** Unless otherwise expressly agreed upon by the Parties in this Agreement or a SOW, all notices required to be given hereunder will be in writing and addressed to the Party at the business address provided in the introductory paragraph of this Agreement or the applicable SOW and, if no business address is indicated, to the business address of the individual(s) who executed this Agreement or the applicable SOW. A copy of any legal notice (e.g., any claimed breach or termination of this Agreement or a SOW) sent by Client to RSM shall also be sent to the following address: Office of the General Counsel, RSM US LLP, 200 South Wacker Drive, Suite 3900, Chicago, IL 60606. Except as otherwise expressly provided in this Agreement, notices hereunder will be deemed given and effective: (i) if personally delivered, upon delivery; (ii) if sent by registered or certified mail or by overnight courier service with tracking capabilities, upon receipt; and (iii) if sent by electronic mail (without indication of delivery failure), at such time as the Party that sent the notice receives confirmation of receipt, whether by read-receipt confirmation or otherwise.

**8.9. Governing Law.** This Agreement, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of or from, or relating in any way to, the Services, Work Product, or RSM Information provided hereunder, or this Agreement, or any provisions herein, will be governed by, and construed in accordance with, the laws of the State of California, without regard to its conflict of law principles, and applicable U.S. federal law.

**8.10. Legal Action Requiring Disclosure.** In the event RSM is requested or authorized by Client or is required by regulation, law, subpoena or other legal process to produce its documents or its personnel as witnesses with respect to the Services for Client, Client will, so long as RSM is not a Party to the proceeding in which the information is sought, reimburse RSM for its professional time and expenses, including the reasonable fees and expenses of counsel, incurred in responding to such requests.

**8.11. Entire Agreement; Non-Reliance; Amendment.** This Agreement, all SOWs incorporating the terms of this Agreement, and any exhibits, policies, schedules and/or other documents expressly incorporated herein by reference or attached hereto, constitute the entire agreement between the Parties and supersede all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement, including any separate nondisclosure agreement executed between the Parties. This Agreement may be amended or modified only by a written instrument executed by both Parties. Client acknowledges and agrees that: (i) no RSM Party has made or is making any representations or warranties whatsoever regarding the subject matter of this Agreement, express, implied, or otherwise, except as provided in this Agreement; and (ii) Client is not relying and has not relied on any representations or warranties whatsoever regarding the subject matter of this Agreement, express, implied, or otherwise, except for the representations and warranties in this Agreement.

**8.12. Third-Party Products.** The RSM Parties may make available to Client or use in connection with the Services or provide Services to Client related to Client's use and/or implementation of, certain third-party software, hardware, equipment, or products (collectively, "Third-Party Products" and each, individually, a "Third-Party Product"). Client acknowledges and agrees: (i) the recommendation or specification of a Third-Party Product by an RSM Party is intended to be used only as a guideline and that Client solely is responsible for the selection of, and decision to use, implement, purchase, license and/or subscribe to, such Third-Party Product; (ii) the use of a Third-Party Product may be subject to limitations, delays, delivery failures, interruptions, errors, and other problems which are beyond RSM's control, including, without limitation, an internet outage or lack of availability related to updates, upgrades, patches, fixes, or maintenance, and no RSM Party shall be responsible or liable for any damages relating to any of the foregoing; (iii) no RSM Party shall be held responsible or liable for any loss, or unauthorized use or disclosure, of any Client data or information resulting from the use of a Third-Party Product; (iv) the terms of use and service of a Third-Party Product, including any remedies or recourse against, and the rights and obligations of, the licensor(s), manufacturer(s), or owner(s) of such Third-Party Product (collectively referred to herein as the "Licensor(s)"), will be subject to and governed by the applicable end-user license agreement for such Third-Party Product; and (v) to the extent Client is given access by an RSM Party to a Third-Party Product in connection with the Services, (a) to comply with the terms of any applicable end-user license agreement for such Third-Party Product, and (b) Client solely is responsible for the improper use of a Third-Party Product, or a violation of the applicable end-user license agreement for such Third-Party Product, by Client or any user to whom Client grants access to such Third-Party Product.

**8.13. Equal Opportunity Employer of Protected Veterans and Individuals with Disabilities.** The Parties hereto shall abide by the requirements of 41 CFR 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, gender identity, sexual orientation, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment, qualified individuals without regard to race, color, religion, sex, gender identity, sexual orientation, national origin, protected veteran status or disability.

**8.14. Non-Exclusivity.** Nothing in this Agreement, shall preclude RSM from developing, marketing, licensing or selling for itself, or for others, services, deliverables, work product, advice, information, data, methodologies, know-how, tools, templates, software, programming code, or other material that is the same, similar to, or competitive with the Services, Work Product, advice, information, methodologies, know-how, tools, templates, software, programming code, or other materials provided by the RSM Parties hereunder, subject only to the confidentiality obligations set forth herein. Client shall not have any right by virtue of this Agreement to the income or proceeds derived by RSM therefrom.

**8.15. Waivers.** No delay or omission by either Party in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by either Party on any one occasion will be effective only in that instance and will not be construed as a bar or waiver of any right on any other occasion. If any provision of this Agreement is found to be invalid by any court having competent jurisdiction, the invalidity of such provision will not affect the validity of the remaining provisions.

**8.16. Conflict in Terms.** In the event of a conflict between the terms set forth herein and a term set forth in any other document (including a SOW, exhibit, purchase order, invoice, or check), the terms set forth herein control unless otherwise specifically agreed upon by the Parties in such other document executed by the Parties.

**8.17. Counterparts and Electronic Signatures.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which taken together will constitute one and the same instrument. Each Party agrees that any electronic signature of a Party to this Agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature.

**8.18. Neutral Interpretation; Headings.** This Agreement constitutes the product of the negotiation of the Parties and the enforcement hereof shall be interpreted in a neutral manner, and not more strongly for or against any Party based upon the source of the draftsmanship hereof. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

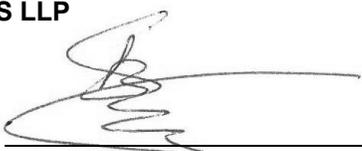
**The balance of this page is intentionally left blank.  
Signatures follow on next page.**

**Acknowledgement and Acceptance**

EACH PARTY ACKNOWLEDGES THAT IT HAS READ AND AGREES TO ALL OF THE TERMS CONTAINED HEREIN, INCLUDING, ANY EXHIBITS, POLICIES, SCHEDULES, AND/OR OTHER DOCUMENTS EXPRESSLY INCORPORATED HEREIN BY REFERENCE OR ATTACHED HERETO. EACH PARTY AND ITS SIGNATORY BELOW REPRESENTS THAT SAID SIGNATORY IS A DULY AUTHORIZED REPRESENTATIVE OF SUCH PARTY AND HAS THE REQUISITE POWER AND AUTHORITY TO BIND SUCH PARTY TO THE UNDERTAKINGS AND OBLIGATIONS CONTAINED HEREIN.

**AGREED TO AND ACKNOWLEDGED BY:**

**RSM US LLP**

By:   
Name: Arvind Rao  
Title: Principal  
Date: February 9, 2026

**Kern County Hospital Authority**

By: \_\_\_\_\_  
Name: Phil McLaughlin  
Title: Chairman, Board of Governors  
Date: February 18, 2026  
Email: contracts@kernmedical.com  
Phone: \_\_\_\_\_  
FEIN/Tax ID: \_\_\_\_\_

**ATTACHMENTS:**

- Confidential Information and Data Protection Exhibit
- Insurance Exhibit

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Shannon Hochstein  
Kern County Hospital Authority

## Confidential Information and Data Protection Exhibit

### 1. Confidential Information.

**1.1.** Each Party agrees as the recipient (the “Receiving Party”) to keep confidential all Confidential Information (defined below) provided by the other Party (the “Disclosing Party”) and to use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Agreement. The Receiving Party is permitted to disclose the Disclosing Party’s Confidential Information, including Personal Information (defined in Section 2.1 below), to the Receiving Party’s personnel, subcontractors, Licensors of Third-Party Products, agents, and representatives who are subject to obligations of confidentiality and only (i) for the purposes of exercising its rights and fulfilling its obligations hereunder, and (ii) to comply with applicable laws and professional, regulatory, and/or ethical standards. The RSM Parties also may share Client Confidential Information, including Personal Information (defined below) and the terms of the Agreement, to any Affiliate of Client for any purposes stated herein or related to the Services contemplated by this Agreement.

**1.2.** Client acknowledges and agrees that RSM’s use of subcontractors and/or Third-Party Products may involve the processing, input, disclosure, movement, transfer, and storage of Client information and data, including Confidential Information and Personal Information, outside of the United States and/or outside of the RSM technology infrastructure.

**1.3.** “Confidential Information” means information in any form, consisting of: (i) any non-public information provided by the Disclosing Party; (ii) any information that the Disclosing Party identifies in writing as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Agreement. Without limiting the generality of the foregoing, Client acknowledges and agrees that RSM Information constitutes Confidential Information of RSM.

**1.4.** Confidential Information will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the Receiving Party’s confidentiality obligations hereunder; (iii) was lawfully in the Receiving Party’s possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Disclosing Party’s Confidential Information.

**1.5.** The Receiving Party will treat the Disclosing Party’s Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care.

## 2. Personal Information.

**2.1.** The term “Personal Information” as used herein means any personal information or data, as may be defined by applicable privacy, data protection, or cybersecurity laws, that directly or indirectly identifies a natural person.

**2.2.** Each Party agrees to transmit Personal Information consistent with applicable laws and any other obligations it may have. Client represents and warrants that it: (i) has provided all notices and obtained all consents required under applicable data protection laws prior to its collection, use, and disclosure to an RSM Party of such Personal Information; and (ii) shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

**2.3.** To the extent the California Consumer Privacy Act and California Privacy Rights Act, including as amended or replaced (collectively, “CCPA”) are applicable, RSM is a “Service Provider” for Client as such term is defined by the CCPA. Limited to the applicability of this Section 2, the definition of terms “Personal Information” (or “PI”) and “Consumer” shall have the same meaning as such terms are defined by the CCPA. Client may disclose PI to the RSM Parties solely for: (i) a valid and specific business purpose as specified in the Agreement; and (ii) to perform the Services described in the applicable SOW. For any PI disclosed to RSM by Client, or obtained or accessible by RSM on Client’s behalf under this Agreement, RSM shall not: (a) “sell” or “share” the PI as such terms are defined by the CCPA; (b) retain, use, or disclose the PI for any purpose other than for the specific business purpose as specified in the Agreement; or (c) retain, use, or disclose the information outside of the direct business relationship between the Parties unless to another service provider as a subcontractor, where the subcontractor meets the requirements for a “Service Provider” under the CCPA. At Client’s written request, and at Client’s cost, RSM shall reasonably assist Client in addressing Client’s obligations under the CCPA with regard to privacy rights requests related to Client PI held by RSM directly resulting from RSM’s business relationship with Client. RSM reserves the right to decline such a request by Client where, in RSM’s sole discretion, the request for RSM’s assistance could violate or impair a Consumer’s right under the CCPA or another applicable law or regulation, or professional and/or ethical obligation. RSM certifies that RSM understands and will comply with the requirements enumerated above in (a), (b), and (c).

**2.4.** In the event the RSM Parties have access to Personal Information collected in Canada, the RSM Parties may store, transfer, and/or process such Personal Information in locations and on servers located outside of Canada, including jurisdictions such as the United States whose data protection laws differ from those of Canada. As a result, such Personal Information may be subject to access requests from governments, courts, or law enforcement in those jurisdictions, according to the laws in those jurisdictions. Subject to applicable laws in such other jurisdictions, RSM will use reasonable efforts to cause its subcontractors to maintain protections on Personal Information collected in Canada that are equivalent to those that apply in Canada.

### 3. Personal Information Security Incidents.

**3.1.** In the event of any confirmed unauthorized acquisition, access, use, or disclosure of Personal Information (as defined under applicable California law) in the possession or control of RSM or its subcontractors, RSM shall notify Client without unreasonable delay and in no event later than five (5) business days after discovery.

**3.2.** RSM shall provide rolling updates and all information reasonably necessary, to the extent known, for Client to meet its obligations under California Civil Code §1798.82, including amendments effective January 1, 2026, and other applicable law.

### 4. Notice and Consents.

**4.1. Client Obligations.** Prior to disclosure to an RSM Party or the grant of access to an RSM Party, Client will identify in writing any personal, technical, or other data, information, or items provided or made accessible to an RSM Party pursuant to this Agreement that may be subject to heightened protection under applicable statutes, regulations, governmental directives or guidance documents, or other legally binding standards relating to privacy, cybersecurity, export controls, controlled unclassified information, and/or data protection, and will ensure compliance with all such requirements. This includes, but is not limited to, protected health information pursuant to the Health Information Portability and Accountability Act of 1996 (“HIPAA”), classified or controlled unclassified information subject to the National Industrial Security Program Operating Manual (“NISPOM”) (which classified information shall not be provided to any RSM Party unless appropriate security clearances have been obtained prior to any such access), marked or unmarked controlled unclassified information (“CUI”) (subject to any provisions of the NISPOM, the Federal Acquisition Regulation (“FAR”) or any FAR supplement, DoD Instruction 5200.48, requirements of the National Archives and Records Administration, or those of the General Services Administration or any other federal government agency), unclassified nuclear technology pursuant to 10 C.F.R. Parts 110 and 810, specific control requirements in the Defense Federal Acquisition Regulation Supplement (“DFARS”), data, information, or items subject to the Export Administration Regulations (“EAR”), or International Traffic in Arms Regulations (“ITAR”) controlled data. Unless otherwise expressly agreed upon and specified in writing by the Parties in the applicable SOW, Client shall not disclose to any RSM Party, or provide any RSM Party with access to, such data, information, or items and Client shall be responsible for the handling of all such data, information, and items in connection with the performance of the Services, including, but not limited to, the scrubbing, de-identification, de-aggregation, protection, encryption, transfer, movement, input, storage, migration, deletion, copying, processing, and modification of such data, information, and items.

**4.2. Client Consents.** Client consents to the RSM Parties:

4.2.1. Using Client-provided Personal Information to perform its obligations and exercise its rights under this Agreement.

4.2.2. Client Confidential Information and Personal Information shall not be used for analytics, insights, service development, quality improvement, internal research, benchmarking, internal business purposes, or any purpose not expressly required to perform the Services. No secondary use, internal insight generation, model training, de-identified data reuse, or disclosure for internal business purposes is permitted unless expressly authorized in writing by Client.

4.2.3. Using any information or data (including Confidential Information, Personal Information, or other protected information) provided by or on behalf of Client, or otherwise obtained by an RSM Party, in connection with: (i) the Services under this Agreement to provide Client with professional services under any other professional services agreement Client enters into or has entered into with an RSM Party; and (ii) those professional services provided by an RSM Party under another professional services agreement with Client to provide Services to Client under this Agreement.

4.2.4. Disclosing to and discussing with RSM International (a network of independent accounting firms of which RSM is a member) and/or its member firms that Client Confidential Information and Personal Information (in each instance where such information has not been specifically labeled in any of the categories specified in Section 3.1 above) reasonably necessary to evaluate and maintain compliance with applicable laws, regulations, and professional and ethical standards, including, but not limited to, independence and conflicts of interest rules, and sanctions laws. Client also consents to the RSM Parties disclosing such information and/or data to those third parties the RSM Parties use to monitor such laws, regulations, and professional and ethical standards for such purposes. The information the RSM Parties will share will include at a minimum: (i) the name of any corporation, partnership, trust, limited liability company or other entity or person for whom the RSM Parties perform Services; (ii) any ownership relationship between that corporation, partnership, trust, limited liability company, or other entity or person and any other entity or person; and (iii) the nature of the Services the RSM Parties perform.

## Insurance Exhibit

### 1. Insurance

RSM US LLP (“RSM”) shall maintain the following insurance coverage in connection with the provision of services to Client under the professional services agreement to which it is attached or incorporated.

- 1.1. **Worker’s Compensation and Employers’ Liability**. Workers’ Compensation coverage with statutory limits and Employers’ Liability coverage with a limit of one million (\$1,000,000) dollars each accident for bodily injury, one million (\$1,000,000) dollars each employee for bodily injury by disease, and a one million (\$1,000,000) dollar policy limit for bodily injury by disease.
- 1.2. **Commercial General Liability**. A Commercial General Liability policy with a limit of one million (\$1,000,000) dollars each occurrence and two million (\$2,000,000) dollars in the aggregate.
- 1.3. **Automobile Liability**. An Automobile Liability policy with a combined single limit of one million (\$1,000,000) dollars.
- 1.4. **Professional Liability**. A Professional Liability policy with a limit of not less than one million (\$1,000,000) dollars per claim and in the aggregate.
- 1.5. **Network Security and Privacy Risk (Cyber Coverage)**. A Network Security and Privacy Risk Liability policy, inclusive of both first- and third-party insurance coverages, with a limit of not less than one million (\$1,000,000) dollars.
- 1.6. **Crime (Employee Theft, Premises and Computer Fraud)**. A Crime policy with a limit of liability of not less than one million (\$1,000,000) dollars.
- 1.7. **Umbrella/Excess Coverage**. Umbrella liability coverage of five million (\$5,000,000) dollars each occurrence and in the aggregate shall sit in excess of the Employers’ Liability, Commercial General Liability, and Automobile Liability policies.
- 1.8. **Additional Insured Status and Certificates of Insurance**. Client shall be granted additional insured status under the Commercial General Liability and Automobile Liability policies (and Loss Payee status, if and as applicable, under the Crime policy) via a blanket endorsement. Upon Client’s written request, RSM will provide Client with a certificate or certificates of insurance evidencing proof of coverage for the above-referenced policies. RSM’s insurers maintain an A.M. Best’s rating of at least A-/VII.



February 9, 2026

Sandra Bakich  
Co-Chief Information Officer  
Kern County Hospital Authority  
1700 Mt. Vernon Avenue  
Bakersfield, California 93306

**RSM US LLP**

30 South Wacker Drive  
Suite 3300  
Chicago, IL 60606

T +1 312 634 3400  
F +1 312 634 3410

[www.rsmus.com](http://www.rsmus.com)

Dear Sandra:

Thank you for considering RSM US LLP to assist with the consulting needs of Kern County Hospital Authority. Please find enclosed the Statement of Work for virtual chief information security officer, National Institute of Standards and Technology Cybersecurity Framework maturity assessment, and HIPAA risk and compliance assessment services. If you are in agreement, we ask that you please sign and return one copy of the enclosed Statement of Work.

We look forward to working with you on your consulting needs.

Sincerely,

Gianna Kubiak, Director  
Risk Consulting  
RSM US LLP  
+1 312 634 4463

Lenny Levy, Managing Director  
Risk Consulting  
RSM US LLP  
+1 404 751 9247

**THE POWER OF BEING UNDERSTOOD**  
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**STATEMENT OF WORK—Virtual Chief Information Security Officer (vCISO), National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) Maturity Assessment, and HIPAA Risk and Compliance Assessment Services**

This Statement of Work (“Statement of Work” or “SOW”) dated February 9, 2026 (“SOW Effective Date”), is entered into by and between Kern County Hospital Authority, a California limited liability company, with an office at 1700 Mt. Vernon Avenue, Bakersfield, California 93306 (“Client,” “you” or “your”) and RSM US LLP, an Iowa limited liability partnership (“RSM,” “we,” “us” or “our”) pursuant to the Master Services Agreement dated February 9, 2026 (the “Agreement”), all of the terms of which are hereby incorporated herein by reference. RSM and Client are each a “party” to this SOW and sometimes collectively referred to herein as the “parties.” Any capitalized terms used herein that are not otherwise defined in this SOW shall have the same meaning as that given in the main body of the Agreement.

**A. Services and Scope of Work**

**vCISO Services**

Our vCISO service is designed to make an entire team of technical, compliance, audit and risk specialists available to effectively implement and manage the security program through a single point of contact and oversight. This team provides the perspective and skill set to solve the most challenging security problems. Through management, oversight and advisory, this service helps ensure that your organization gets consistent results so it can achieve its desired state of security.

Based on our conversations with you and our experience with organizations similar to yours, we have developed the following scope for the vCISO engagement:

Engagement	Scope
<p><b>vCISO</b></p> <ul style="list-style-type: none"><li>• Ongoing programmatic and strategic support</li><li>• Dedicated resource with fractional hours:<ul style="list-style-type: none"><li>• 45 hours per month for the first two months</li><li>• 32 hours per month for months three through 12</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Providing security program oversight and management, with biweekly status meetings</li><li>• Having one-on-one meetings with key stakeholders</li><li>• Preparing and running monthly cybersecurity steering committee meetings</li><li>• Reviewing existing policies, determining gaps, revising existing policies and writing policies to cover identified gaps</li><li>• Addressing observations from assessments or audits</li><li>• Reviewing, revising and/or creating general and specialized security awareness training</li><li>• Preparing presentations on cybersecurity risks, evolving threat landscape and Kern County Hospital Authority’s cybersecurity risk management strategies for executive leadership and the board of directors</li></ul>

Engagement	Scope
	<ul style="list-style-type: none"> <li>• Providing executive oversight and coaching during incident response triage activities and on organizational regulatory and compliance efforts</li> <li>• Supporting governance, risk and compliance initiatives, including assistance with third-party vendor questionnaires</li> <li>• Providing ad hoc support (not to exceed 40 hours per year)</li> </ul>

**Discovery**

To begin serving in this role, we must learn the current state of your program. We will start by holding a kickoff meeting to review the engagement scope and timing and to document the agreed-upon outcomes of the program. From there, we will identify and map key engagement stakeholders within both organizations and define initial information gathering requirements.

As part of the discovery process, the vCISO and our resources will review areas and standards related to cybersecurity, including, but not limited to, policies, standards and procedures; past security testing results (network penetration testing, vulnerability scans, etc.); documentation for incident response, business continuity, disaster recovery and crisis communication; key technical controls (multifactor authentication [MFA], password settings, network controls and requirements from partners or vendors, etc.); and the design and effectiveness of the security awareness training. Further, the vCISO will review applicable regulatory and compliance posture (Health Insurance Portability and Accountability Act [HIPAA], Payment Card Industry [PCI], California Consumer Privacy Act [CCPA], General Data Protection Regulation [GDPR], Cybersecurity Maturity Model Certification [CMMC], etc.).

The services will include the production of a policy gap assessment, cybersecurity road map and access to our cybersecurity reporting dashboard.

**Road Map Design and Planning**

We will develop an initial engagement plan for you that includes tactical and strategic tasks. This plan will define key activities, assign responsible parties and set dates by which they will be accomplished. Each task will be given an owner, and we will help you determine which tasks are best completed within the organization and which tasks RSM will handle.

Activity	Description
<p><b>Road Map</b>                      Prioritized three-year cybersecurity program road map</p>	<ul style="list-style-type: none"> <li>• Create the draft three-year cybersecurity program road map.</li> <li>• Socialize and refine the road map based on stakeholder input.</li> <li>• Develop a project plan toward achieving approved road map initiatives.</li> </ul>

If not already defined by your organization, we will determine a relevant cybersecurity framework to guide the program. This will be influenced by applicable regulations and contractual requirements, as well as the organizational goals and plans. Further, the vCISO will provide consulting assistance as you look to continue implementing “quick wins” to improve cybersecurity posture.

### **Remediation Tracking**

We will work with you to track progress against the prioritized three-year cybersecurity strategy road map. We will identify initiatives that should be taken in-house and assist in finding partners where needed. This includes selecting managed security services partner(s) and your cybersecurity tooling stack.

Following these activities, we will focus on enhancing and maturing the program, reassessing the initiatives that are planned for the following year and providing ongoing cybersecurity operational support.

### **Business as Usual**

The vCISO will maintain an open-door and direct-message policy to encourage early issue reporting and rapid guidance. This approach will foster collaboration and help to ensure that risks are surfaced before they impact patient care or business operations. The vCISO will engage in periodic meetings with you, including, but not limited to the following,

- **Biweekly status updates:** The vCISO will provide biweekly executive updates summarizing progress, risks and key decisions tied to the road map. This cadence will keep leadership informed, minimize surprises and reinforce accountability.
- **Regular one-on-one meetings:** The vCISO will hold recurring one-on-one meetings with functional leaders and clinical operations to understand priorities, align security initiatives with business objectives and resolve issues quickly. These sessions will help to build trust and embed security into daily workflows.
- **Monthly steering committee:** The vCISO will chair a monthly security steering committee to provide executive governance, approve priorities, and monitor risk and key performance indicator (KPI) performance. This forum will help to institutionalize cross-functional alignment and accelerate decision-making.
- **General and specialized training sessions:** The vCISO will sponsor organization-wide awareness programs and role-based training for high-risk teams, such as clinical, IT and supply chain. These efforts will help to translate strategy into consistent behaviors and strengthen the security culture.

## NIST CSF Maturity Assessment

Activity	Description/Scope
NIST CSF Maturity Assessment	<ul style="list-style-type: none"> <li>RSM's cybersecurity assessment uses a prioritized maturity approach designed to identify areas of weak or missing controls that could result in a security or compliance risk.</li> <li>This assessment is a critical benchmarking tool in the development of a comprehensive security program and for determining your readiness for future assessments and audits.</li> <li>RSM will perform a documentation review of relevant information security, information technology, human resources, compliance and risk management policy documents.</li> <li>All interviews will be completed in five consecutive business days.</li> </ul>

RSM's cybersecurity maturity assessment is designed to evaluate the maturity of an organization's security program through a review of its current set of controls and uses a prioritized approach to identify weak or missing controls that could increase the security or compliance risk. This assessment is a critical benchmarking tool in the development of a comprehensive security program and for determining readiness for future assessments and audits. The process involves interviewing key individuals within the organization and reviewing documentation. We use the NIST CSF, which consists of standards, guidelines and leading practices to manage cybersecurity-related risks, threats to and vulnerabilities present in the environment. This framework provides a prioritized and flexible approach to promote the protection of the organization's systems, infrastructure and operations. As such, the assessment will measure Kern County Hospital Authority's environment's ability to govern, identify, protect, detect, respond to and recover from a cyber event, which are the key functions of the NIST CSF. The goals of this assessment are as follows:

- Provide an independent verification and ensure that the security program meets Kern County Hospital Authority's requirements.
- Provide a method for measuring the current state of the organization's information security program and determining whether that state has changed from previous assessments.
- Adopt leading practices by conforming to legal and industry regulations.
- Help build maturity through both tactical and strategic plans that identify immediate countermeasures and impact points.

We will conduct a design-level assessment of the current implementation of the technology, architecture and processes used for enterprise security execution and management against the NIST CSF cybersecurity requirements. We will review select documentation and interview stakeholders, process owners and functional staff members. Tasks will include the following:

- Interview IT personnel to understand the current controls or governance framework(s) in place to align with industry practices or regulatory requirements.
- Review and compare strategic security goals and security operations.

- Conduct interviews with key personnel across departments and groups, including IT security and IT operations staff members.
- Review high-level inventories of systems, applications, networks and configuration standards.

Below is an overview of the phases of the engagement:

Stakeholder Analysis	Current-State Assessment	Maturity Analysis	Reporting and Strategic Road Map
<b>Objectives</b>			
<ul style="list-style-type: none"> <li>• Identify, understand and validate key control owners, system owners and leadership.</li> <li>• Begin maturity discussions and assessment planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify the major components of the enterprise security program and architecture.</li> <li>• Review relevant information security, information technology, human resources, compliance and risk management policies.</li> <li>• Conduct interviews to evaluate the current security posture.</li> <li>• Hold additional discussions to identify high-level gaps in controls needed to meet cybersecurity requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Analyze the maturity levels of current IT processes against each NIST CSF category.</li> <li>• Develop the targeted maturity for each NIST CSF function.</li> <li>• Analyze common themes, strengths and areas for improvement to determine the security gaps.</li> <li>• Develop recommendations for each improvement area.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct an exercise to evaluate the impact of the issues identified.</li> <li>• Develop the report, including an executive summary of results, a detailed listing of gaps and maturity levels.</li> <li>• Develop a high-level strategic road map.</li> <li>• Discuss the road map with key stakeholders.</li> </ul>
<b>Outputs</b>			
<ul style="list-style-type: none"> <li>• Key stakeholder listing</li> </ul>	<ul style="list-style-type: none"> <li>• Gap analysis matrix</li> </ul>	<ul style="list-style-type: none"> <li>• Control maturity ratings</li> <li>• Detailed recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Executive summary</li> <li>• Detailed analysis report</li> <li>• Suggested remediation road map</li> </ul>

**Planning and Stakeholder Analysis**

During the first phase of this engagement, our team will work to understand the business strategy and strategic security objectives at Kern County Hospital Authority. The understanding of the organization’s strategy and its strategic objectives will be used as an input during the next phases, where we will assist in determining gaps within your information security strategy.

Further, we will meet with you and your management team to understand the current security governance processes and identify opportunities for enhancements to increase communication and knowledge sharing. The goal of this phase will be to understand the relevant stakeholders and your organization’s strategy and goals. This insight will facilitate tailored recommendations to enhance your security posture that align with your business strategy and risk tolerance. This phase often includes interviews with stakeholders and the review of corporate governance processes and related documentation.

**Current-State Assessment**

During this phase, we will conduct a design-level assessment of the current technology, architecture and processes used for enterprise security execution and management against the NIST CSF. Our team will review existing documentation and interview stakeholders, process owners and functional staff members, covering the NIST CSF topics below. NIST CSF presents industry standards, guidelines and practices in a manner that allows for effective communication of cybersecurity activities and outcomes across the organization from the operations level to the executive level. The framework consists of six functions:

- **Govern**—Establish and monitor the organization’s cybersecurity risk management strategy, expectations and policy.
- **Identify**—Help determine the current cybersecurity risk to the organization.
- **Protect**—Use safeguards to prevent or reduce cybersecurity risk.
- **Detect**—Find and analyze possible cybersecurity attacks and compromises.
- **Respond**—Track action regarding a cybersecurity incident.
- **Recover**—Restore assets and operations that were impacted by the cybersecurity incident.

Specific control domains are associated with each functional area. Each control domain provides desired outcomes where applicable controls would be expected within security environments similar to your organization.

NIST CSF Version 2.0 Functions and Subfunctions					
Govern	Identify	Protect	Detect	Respond	Recover
Organizational context	Asset management	Identity management, authentication and access	Continuous monitoring	Incident management	Incident recovery plan execution
Risk management strategy	Risk assessment Improvement	Awareness and training	Adverse event analysis	Incident analysis Incident response,	Incident recovery communication

NIST CSF Version 2.0 Functions and Subfunctions					
Govern	Identify	Protect	Detect	Respond	Recover
Cybersecurity supply chain risk management		Data security		reporting and communication	
Roles, responsibilities and authorities		Platform security		Incident migration	
Policies, processes and procedures		Technology infrastructure resilience			
Oversight					

Common tasks to be completed during the NIST CSF-based current-state analysis include the following:

- Interview relevant personnel to understand the current control or governance framework(s) in place to align with industry practices or regulatory requirements.
- Review and compare strategic security goals and security operations.
- Conduct interviews with key personnel across departments and groups (security, IT operations, HR, legal/compliance, etc.) to understand current security-related processes in place.
- Review supporting policies, procedures and other operational design documents.
- Interview management to understand the perceived and desired maturity levels.

**Maturity Analysis**

RSM will create a current-state baseline by assessing the completeness of the overall program and the details of the processes and technology components against the NIST CSF. This phase will be focused on assessing the maturity levels and design of specific controls.

Control maturity is a qualitative method of determining the effectiveness of implemented controls at mitigating identified risks. Control maturity is assessed not only in meeting technical specifications, but also maintaining and enforcing technical controls through policies, procedures and governance. Our approach gauges both the pervasiveness of the technologies and processes implemented, as well as the governance of the controls and overall data protection program, and indicates whether a mature, repeatable process is in place to support security controls.

Each control is rated on a six-point scale based on how well the organization maintains the control from both governance and tactical perspectives. The rating helps identify whether maturity improvements are rooted in technology, policy or procedural deficiencies. We aim to provide reasonable recommendations for program maturity, recognizing that rarely do organizations need to seek a top maturity level. Rather, we recommend using a risk-based approach to target maturity levels so that the security posture is reasonable for the business.

After completing the interviews and reviewing the documentation provided by Kern County Hospital Authority, we will perform the following activities to develop a detailed matrix of maturity levels:

- Review the current state of processes and capabilities against the NIST CSF to develop maturity ratings for each of the relevant NIST CSF categories.
- Compare with the current security levels to provide targeted recommendations to improve the maturity of the security program.
- Document each identified item in a matrix, including the recommended improvement, to align with the specific objective and the level of risk posed to the organization.

### Reporting and Road Map

The final phase of our assistance includes documenting the detailed testing results, identifying and prioritizing key security risks, determining the root causes of risks, providing actionable recommendations for improvement, and summarizing the business impact of the findings in an appropriate and agreed-upon format for senior management.

At the completion of the engagement, we will deliver a written report that summarizes the engagement findings and recommendations. This report can be separate or combined with the HIPAA security risk analysis and compliance assessment, based on management's preference. All standard reports will follow the format shown below:

- **Executive summary:** The executive summary describes the challenges facing Kern County Hospital Authority and the solution that we provided. It gives nontechnical descriptions of the current security posture, including key strengths and improvement areas, and possible business impacts. It also lists immediate actions that will improve your organization's security posture.
- **Approach and methodology:** This section details the engagement scope and the specific methods we used to perform each phase of the engagement.
- **Detailed results:** The detailed findings section is structured to facilitate remedial action by the staff. It includes a description of design-level testing that was completed, the results of the work performed for each NIST domain/category area, gaps identified and associated recommendations to improve Kern County Hospital Authority's security maturity.
- **Strategic road map:** While considering the associated cost and benefit relationships, we will also recommend specific changes in order to strengthen security controls. This step represents the approach to align the information security and risk management strategy with the business strategy (as defined by the stakeholders). This also starts the selection and development of the information security and risk management tactical plans for those areas that require improvement.

## HIPAA Security Risk Analysis

We will perform a security risk analysis for Kern County Hospital Authority conforming to the methodology found within the NIST Special Publication 800-30 Guide for Conducting Risk Assessments and the U.S. Department of Health, and Human Services (HHS) Office for Civil Rights' (OCR's) Guidance on Risk Analysis Requirements under the HIPAA Security Rule. This analysis is designed to provide an assessment of information security risks in a form that can be used by Kern County Hospital Authority's management for efficient decision-making. In addition, the results can be used to begin aligning security efforts with enterprise risk management.

### Risk Equation

Our risk equation follows NIST publications to provide clients with a representation of their security risk based on industry standards, a common set of terminology and assessment criteria. Security risk is a function of an adverse impact from the occurrence of an event and the likelihood of the occurrence.

Our risk analysis includes the following components:

- A **threat source** is the intent and method used to target the exploitation of a vulnerability.
- A **threat event** is an event or situation that has the potential for causing adverse consequences or impact to the organization.
- A **vulnerability** is a weakness in an information system or a security measure that can be exploited by a threat source.
- An **adverse impact** is an undesirable consequence caused by a threat event.
- **Controls** diminish the ability of a threat to exploit a given vulnerability and strengthen the security posture of an organization.

### Risk Management Hierarchy Tiers

Our risk analysis methodology aligns with the NIST risk management hierarchy tiers where we develop risk models for each tier. Risk models define the risk factors or characteristics for determining levels of risk within a risk analysis. Risk factors include threats, vulnerabilities, impact and likelihood that a threat can exploit a vulnerability and cause an adverse event within your organization.

### Risk Analysis Development

Our risk analysis process follows the below workflow to establish the information and information systems boundaries within which an entity operates, our approach to evaluating risk and establishing a path forward.

Risk Frame	Risk Analysis	Risk Management Road Map
<ul style="list-style-type: none"><li>• Define the risk context for the risk analysis.</li></ul>	<ul style="list-style-type: none"><li>• Develop risk models for risk activity and threat events.</li></ul>	<ul style="list-style-type: none"><li>• Develop a risk-ranking summary of potential observations.</li></ul>

Risk Frame	Risk Analysis	Risk Management Road Map
<ul style="list-style-type: none"> <li>• Understand how risk-based decisions are made in the environment.</li> <li>• Develop assessment boundaries for risk analysis and risk models.</li> <li>• Establish location boundaries, in-scope applications and business associates.</li> </ul>	<ul style="list-style-type: none"> <li>• Assign likelihood for each threat event.</li> <li>• Evaluate security measure effectiveness.</li> <li>• Assign a level of impact for each threat event.</li> <li>• Assign risk determination.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop recommendations for reducing organizational risk and improving the HIPAA compliance posture.</li> <li>• Develop a timeline road map prioritizing activities across people, processes and technology.</li> </ul>

### Risk Frame Development

Our risk analysis methodology follows a defined structure where we begin framing the risk environment to define Kern County Hospital Authority’s organization and information system boundaries with respect to physical locations, the use of cloud service providers, in-scope applications and the use of third-party business associates to assist Kern County Hospital Authority in performing business operations and the delivery of health care services. We then develop risk models within each risk management hierarchy tier to identify risk factors and associated threat events based on the organization’s risk frame.

### Security Measure Effectiveness Evaluation

With each threat event, we will align security measures or the organization’s security controls that would be expected as a countermeasure to reduce the associated control risk and perform an evaluation of Kern County Hospital Authority’s security measures that are currently in place or anticipated to be implemented. We will conduct the risk analysis for each threat event and assign a risk rating based on likelihood and impact for each threat event while considering the security measures’ effectiveness.

RSM’s methodology aligns the evaluation of security measures with the NIST CSF industry standards, guidelines and practices in a manner that allows for communication of cybersecurity activities and outcomes across the organization from the operations level to the executive level.

The NIST CSF consists of six concurrent and continuous functions:

- **Govern**—Establish and monitor the organization’s cybersecurity risk management strategy, expectations and policy.
- **Identify**—Help determine the current cybersecurity risk to the organization.
- **Protect**—Use safeguards to prevent or reduce cybersecurity risk.
- **Detect**—Find and analyze possible cybersecurity attacks and compromises.
- **Respond**—Track action regarding a cybersecurity incident.
- **Recover**—Restore assets and operations that were impacted by the cybersecurity incident.

NIST CSF Version 2.0 Functions and Subfunctions					
Govern	Identify	Protect	Detect	Respond	Recover
Organizational context	Asset management	Identity management, authentication and access	Continuous monitoring	Incident management	Incident recovery plan execution
Risk management strategy	Risk assessment	Awareness and training	Adverse event analysis	Incident analysis	Incident recovery communication
Cybersecurity supply chain risk management	Improvement	Data security		Incident response, reporting and communication	
Roles, responsibilities and authorities		Platform security		Incident migration	
Policies, processes and procedures		Technology infrastructure resilience			
Oversight					

### Approach

To accomplish the objective of this engagement, we have organized this engagement through the steps detailed below. Our efforts focus on the gathering of information to understand the location and use of electronic protected health information (ePHI) and the effectiveness of management processes that exist to protect ePHI. The information gathered provides the basis for the assets to be included in the HIPAA risk analysis and the management controls factors that help define the residual risk of specific vulnerabilities.

### Engagement Startup

The engagement startup phase will be used to:

- Set expectations regarding the engagement scope, objectives, activities and associated timetables for the course of the engagement.
- Establish engagement management standards, including status meetings and reports, leadership meetings and ongoing communications.
- Accelerate the collection of the Kern County Hospital Authority-specific information that is required to complete the HIPAA Security Rule risk analysis.

### Information Gathering

During this phase, we will begin by reviewing existing documents and conduct interviews with staff once all provided documentation has been received. The requested documentation provides us with an initial understanding of the current environment and existing HIPAA risk considerations. We may also review any previous testing conducted, such as penetration tests, quarterly scans, wireless testing and any other technical testing that you have performed. Our efforts are limited to documentation review and inquiry, and will not include the validation of the effectiveness of management's controls for protecting ePHI.

Specific steps performed include the following:

- Gathering and reviewing of:
  - Security and network documentation
  - Previous risk assessment, security assessment, corrective action plans or internal security audits
  - IT/security policies and procedures
  - An asset inventory listing of hardware, software, and electronic health record applications used with ePHI
- Evaluating existing compliance efforts throughout the organization to accommodate HIPAA requirements, including hardware, communications, information, personnel, training and services
- Performing remote interviews with IT management and business leaders

We will schedule a combination of group and individual interviews with personnel from applicable functional areas to review and discuss their processes. This information provides the basis for understating the elements in the environment (systems) related to the creation, storage or processing of ePHI and the sufficiency of the controls designed to protect this information. We anticipate interviews will be conducted in tandem with the NIST CSF engagement workstream. All interviews will be completed in three consecutive business days, based on Client's scheduling availability.

Personnel typically interviewed include:

Cross-Section of Management and Personnel of Departments With Access to PHI	Chief Security Officer/Chief Information Security Officer/Director/Manager
Cloud Security Engineers	Management Information Systems Manager
IAM, and IT Infrastructures and Operations Administrators	Data Stewards/Custodians
Application Developers	Operations/Security Management
HIPAA Security and/or Privacy Officer	Cross-Section of ePHI-Specific Application Users

Time and duration to complete required interviews and a facility walk-through will depend upon Kern County Hospital Authority's staff availability and management preference.

## HIPAA Compliance Assessment

The information gathered during the NIST CSF maturity assessment and HIPAA risk analysis for Kern County Hospital Authority will be used to complete the HIPAA rapid assessment. The scope of work to be completed for the HIPAA compliance assessment is detailed below and includes the applicable rule requirements and implementation specifications, locations and applications to determine controls that are implemented and designed effectively in the environment to achieve the control's desired outcome.

### HIPAA Requirements in Scope

In accordance with the HHS OCR and the HIPAA Security Rule requirements, we will assess the areas presented in the following tables. Control testing will be performed to validate the design and whether adequate separation of duties have been implemented. To enable efficient reporting and execution, the assessment will be structured in accordance with the safeguards and implementation specifications of the final rules. This will allow management to clearly understand the correlation of an observation with the associated compliance exposure.

In accordance with HIPAA Security Rule and the OCR audit protocol, we will review the following areas:

Security Rule Requirements   Administrative Safeguards		
Key Activity	Sections	Implementation Specifications are Either Required (R) or Addressable (A)
General Requirements	§164.306(a)	General Requirements (Ensure the confidentiality, integrity, and availability of all ePHI that the covered entity or business associate creates, receives, maintains or transmits.)
Flexibility of Approach	§164.306(b)	Flexibility of Approach
Security Management Process	§164.308(a)(1)	Security Management Process (R)
		Risk Analysis (R)
		Risk Management (R)
		Sanction Policy (R)
		Information System Activity Review (R)
Assigned Security Responsibility	§164.308(a)(2)	Assigned Security Responsibility (R)
Workforce Security	§164.308(a)(3)	Workforce Security (R)
		Authorization and/or Supervision (A)
		Workforce Clearance Procedure (A)
		Establish Termination Procedures (A)

**Security Rule Requirements | Administrative Safeguards**

Key Activity	Sections	Implementation Specifications are Either Required (R) or Addressable (A)
Information Access Management	§164.308(a)(4)	Information Access Management (R)
		Isolation Health Care Clearinghouse Function (R)
		Access Authorization (A)
		Access Establishment and Modification (A)
Security Awareness and Training	§164.308(a)(5)	Security Awareness and Training (R)
		Security Reminders (A)
		Protection From Malicious Software (A)
		Login Monitoring (A)
		Password Management (A)
Security Incident Procedures	§164.308(a)(6)	Security Incident Procedures (R)
		Response and Reporting (R)
Contingency Plan	§164.308(a)(7)	Contingency Plan (R)
		Data Backup Plan (R)
		Disaster Recovery Plan (R)
		Emergency Mode Operation Plan (R)
		Testing and Revision Procedures (A)
		Applications and Data Criticality Analysis (A)
Evaluation	§164.308(a)(8)	Evaluation (R)
Business Associates Contracts and Other Arrangements	§164.308(b)	Business Associates Contracts and Other Arrangements (R)
		Written Contract or Other Arrangement (R)

**Security Rule Requirements | Physical Safeguards**

Key Activity	Sections	Implementation Specifications are Either Required (R) or Addressable (A)
Facility Access Controls	§164.310(a)	Facility Access Controls (R)
		Contingency Operations (A)

**Security Rule Requirements | Physical Safeguards**

Key Activity	Sections	Implementation Specifications are Either Required (R) or Addressable (A)
		Facility Security Plan (A)
		Access Control and Validation Procedures (A)
		Maintain Maintenance Records (A)
Workstation Use	§164.310(b)	Workstation Use (R)
Workstation Security	§164.310(c)	Workstation Security (R)
Device and Media Controls	§164.310(d)	Device and Media Controls (R)
		Disposal (R)
		Media Reuse (R)
		Accountability (A)
		Data Backup and Storage Procedures (A)

**Security Rule Requirements | Technical Safeguards**

Key Activity	Sections	Implementation Specifications are Either Required (R) or Addressable (A)
Access Control	§164.312(a)	Access Control (R)
		Unique User Identification (R)
		Emergency Access Procedures (R)
		Automatic Logoff (A)
		Encryption and Decryption (A)
Audit Controls	§164.312(b)	Audit Controls (R)
Integrity	§164.312(c)	Integrity (R)
		Mechanism to Authenticate ePHI (A)
Person or Entity Authentication	§164.312(d)	Person or Entity Authentication (R)
Transmission	§164.312(e)	Transmission (R)
		Integrity Controls (A)
		Encryption (A)

Security Rule Requirements   Organizational Requirements			
Key Activity	Sections	Implementation Specifications are Either Required (R) or Addressable (A)	
Business Associate Contracts or Other Arrangements	§164.314(a)	Business Associate Contracts or Other Arrangements	(R)
		Business Associate Contracts	(R)
		Other Arrangements	(R)
		Business Associate Contracts With Subcontractors	(R)
Requirements for Group Health Plans	§164.314(b)	Requirements for Group Health Plans	(R)
		Group Health Plan Implementation Specification	(R)
Policies and Procedures	§164.316(a)	Policies and Procedures	(R)
Documentation	§164.316(b)	Documentation	(R)
		Time Limit	(R)
		Availability	(R)
		Updates	(R)

**Control Testing**

The scope does not include control testing for operational effectiveness. The procedures will include the inspection of documentation to evaluate the control’s design effectiveness and that appropriate separation of duties have been implemented. RSM will work with management during engagement planning to define the control evaluation approach.

**Geographic Locations**

We anticipate that all interviews will be conducted through remote sessions; we may perform an on-site physical walk-through of a sample of Client locations, as agreed upon with management.

**Systems or Applications in Scope**

The procedures performed during the engagement will be designed to evaluate the in-scope criteria for a sample of up to five applications that access, process, transmit or store ePHI.

The application sampling will focus on:

1. An evaluation of the technical safeguards of the application—RSM will assess the safeguards related to user authentication and authorization over the application. This will include a review of end user access to the application, underlying security safeguards of the application, operating system and related systems/databases, etc.
2. An evaluation of the server safeguards—RSM will assess the controls in place related to the maintenance and configuration of the underlying server operating systems that supports the application.

### **Analysis and Deliverable Preparation**

We will review and analyze the information gathered in the NIST CSF maturity assessment and prepare the HIPAA security risk analysis and compliance assessment documentation. Components of the risk analysis include:

- Asset risk modeling
- Risk activity identification
- Threat event determination
- Evaluation of security measures effectiveness
- Overall likelihood, level of impact and risk determination scoring
- Risk management road map for identified risks

### **Reporting and Deliverables**

We will keep you informed of our progress throughout the engagement with periodic formal and informal status reports and meetings as appropriate. Upon completion of management's review of the draft deliverables, we will provide a written confidential report that contains at least the following:

- An executive summary to include engagement background, purpose, objectives and scope, and summary of risk evaluations
- Detailed risk analysis methodology and approach, including a risk frame summary and an evaluation of the security measures' effectiveness
- Risk management road map
- Detailed risk analysis (separate compliance artifact)
- Detailed listing of observations and associated recommendations, cross-mapped to the NIST CSF, as well as the HIPAA Security Rule

This report can be separate or combined with the NIST CSF maturity assessment, based on management's preference.

During engagement planning, we will establish mutually agreeable milestone dates for critical engagement steps, most notably, the date of scheduled interviews, walk-throughs and fieldwork, and the date by which Client must submit requested documentation.

Both parties agree to fulfill their responsibilities in meeting the milestone dates. Our engagement resources and timelines are dependent on meeting these dates.

Unless otherwise expressly set forth herein, changes to the scope, timing, and/or cost of the Services set forth in this Statement of Work will be subject to a mutually agreed upon Change Order executed by both parties or, if more appropriate in the reasonable judgment of RSM, a separate Statement of Work executed by both parties. Notwithstanding the foregoing, the parties agree that a Change Order is not required if the level of effort required to perform the Services results in an increase in the fees charged for the Services, *provided* that such increase is not the result of a change in the scope of the Services.

Our work will be to assist and advise you with this engagement. We will not, nor does Client desire us to, perform any management functions, make management decisions, or otherwise perform in a capacity equivalent to that of an employee or officer of Client.

#### **B. Engagement Team**

Gianna Kubiak, director, will be responsible for overseeing the engagement and the delivery of the Services to you. Jason Pymonto, manager, will coordinate all fieldwork and engagement communications. Other personnel at the necessary skill and experience levels may be called upon to assist in this engagement as appropriate. While we will attempt to comply with your requests for certain individuals, we retain the right to assign and reassign our personnel, as appropriate, to perform the Services.

You acknowledge and agree that, in addition to our personnel, we may use our affiliates located within or outside of the United States to assist us with the provision of the Services, which will result in such affiliates having access to and/or receiving certain protected and/or confidential information of yours.

#### **C. Third-Party Products**

Certain Third-Party Products will be utilized and, if applicable, implemented in connection with the Services. The RSM Parties may from time to time modify, update, replace or add to the Third-Party Products utilized in connection with the Services, including the terms of use and service for such Third-Party Products, which may be made accessible by email or other electronic means of communication, including the posting of such terms to a designated URL link made available to Client. Client's continued (i) agreement to the performance of the Service hereunder and (ii) access to or use of the Third-Party Products shall constitute Client's acceptance to the terms of use and service of such Third-Party Products. Client acknowledges and agrees that RSM's recommendation or specification of a Third-Party Product is intended to be used only as a guideline and that Client solely is responsible for the selection of, and decision to use, implement, purchase, license and/or subscribe to, such Third-Party Product.

#### **D. Conflicts and Waiver**

**Client acknowledges and understands that RSM may (i) have a past or ongoing business relationship with a Licensor of a Third-Party Product; (ii) recommend a Third-Party Product from such Licensor to Client; and/or (iii) to the extent permitted by applicable laws, regulations, and professional and ethical standards, receive compensation, commissions or other benefits, whether**

economic or not, from a Licensor of a Third-Party Product in connection with RSM's relationship with such Licensor, RSM's referral of such Licensor's Third-Party Product to Client, or RSM being designated as Client's "partner of record" (or similar designation) with the Licensor of such Third-Party Product. In the event that any or all of the foregoing may or does constitute a conflict of interest (whether real or perceived), Client hereby agrees to waive such conflict of interest and agrees to release and hold RSM (and its partners, principals, employees, contractors, subcontractors, affiliates and agents) harmless from and against any claims arising from or out of, or relating to, such conflict of interest.

#### **E. Client Acceptance of Work**

Upon delivery by RSM to Client of any work product or deliverable identified herein, Client shall be responsible for reviewing or conducting acceptance tests, whichever applicable, and accepting such work product or deliverable in a timely manner, but in no event more than seven (7) days from the date of delivery of such work product or deliverable. In the event Client discovers a failure of the work product or deliverable to conform to the specifications set forth herein ("Nonconformity"), Client will notify us in writing within seven (7) days of delivery, identifying with reasonable specificity the nonconforming portions of the work product or deliverable ("Nonconformity Notice"). To the extent caused by RSM's errors or omissions, RSM will use commercially reasonable efforts to correct the Nonconformities stated in the Nonconformity Notice at no additional cost to Client. In all other cases, RSM shall use commercially reasonable efforts to correct such Nonconformities on a time and material basis at the rates agreed upon in this Statement of Work. After RSM makes such corrections to the nonconforming work product or deliverable and makes such deliverable available to Client for review, Client will have five (5) days to review and accept such work product or deliverable. If any Nonconformities remain, the process stated above will be repeated unless the parties mutually agree otherwise at such time.

#### **F. Engagement Assumptions and Client Acknowledgements, Responsibilities and Representations**

Our Services, Fees and work schedule are based upon the following assumptions, acknowledgements, representations and understandings with you:

- Client will undertake the responsibilities set forth in this Statement of Work.
- Client will designate an employee or employees within its senior management who will make or obtain all management decisions with respect to this Statement of Work on a timely basis.
- Client will ensure that we have access to personnel, facilities, computer systems, applications, equipment, and data, including Third-Party Products, as is deemed reasonably necessary to perform the Services, and that all levels of your employees and contractors will cooperate fully and timely with us. We will also let you know where we believe we are not getting the appropriate cooperation or direction. The success of this engagement is dependent upon full openness, communication and cooperation, and timely direction.
- Client agrees to provide us with information we can rely on to be accurate and complete. We will be entitled to rely on all of your decisions and approvals, and we will not be obligated to evaluate, advise on, confirm or reject such decisions and approvals.

- Client will evaluate the adequacy and results of Services and will let us know immediately of any problems or issues you perceive in our personnel, Services or deliverables.
- Client acknowledges, understands and agrees that it has the ultimate responsibility for ensuring the accuracy of the materials generated by RSM and, as such, it will carefully review all such materials. RSM shall not be liable or accountable for (i) any action reasonably taken or omitted by it in good faith in accordance with directions, instructions or advice of, or (ii) pursuant to any document which it reasonably believes to be genuine and to have been delivered or signed by, Client or any person acting on the Client's behalf, including Client's counsel, accountants, investment advisors, or other advisors or representatives.
- Client acknowledges and agrees that (i) it is Client's responsibility to maintain all original data, records and information provided by Client, or someone on Client's behalf, in connection with the Services; (ii) RSM is not providing Client with any data or information backup services under this Statement of Work; (iii) RSM is not responsible for maintaining any data, records or information provided by Client, or someone on Client's behalf, in connection with the Services; and (iv) RSM is not responsible for maintaining on Client's behalf any data, records, information, deliverables, calculations, reports or other work product RSM creates and/or produces in connection with the Services.
- To the extent our Services or deliverables include the design or implementation of hardware or software systems, Client agrees to be responsible for making all management decisions. These decisions include, but are not limited to, the systems to be evaluated and selected, the design of those systems, the controls to be tested, the security, systems and procedures to be implemented, the scope and timetable of the implementation, and the testing, training and conversion plan.
- Client shall only provide access to the RSM Parties to that Client-owned software and those Client licensed, rented, leased or otherwise supplied Third-Party Products reasonably necessary for the RSM Parties to perform the Services.
- Client is responsible for maintaining, monitoring and overseeing the RSM Parties' access to Client Materials, and Client licensed, rented, leased, or otherwise supplied Third-Party Products.
- Client solely is responsible for managing and maintaining Client's IT and cybersecurity protocols and the requirements with respect to the access provided by Client to the RSM Parties in connection with the Services.
- Client shall only provide access to the RSM Parties to that Client information and data reasonably necessary for the RSM Parties to perform the Services.
- **Information security acknowledgement:** Client acknowledges that no IT security assessment can ever provide total assurance against potential security intrusions. The effectiveness of controls and security measures is subject to inherent limitations, and all errors or problems may not be detected. Assessment results are subject to the risk that changes are made to your systems or controls, changes are made in processing requirements, changes are required because of the passage of time, or new technology is developed. We are not responsible for your lack of specific controls, a breach of your security, or other errors or fraud related to any part of your systems.
- Client agrees that all assumptions set forth in this Statement of Work are accurate.

The fulfillment and confirmation of these responsibilities, acknowledgements and representations are critical to the success of this engagement. The successful delivery of our Services, and the Fees charged, are also dependent on your timely and effective completion of your responsibilities, the accuracy and completeness of the assumptions, and timely decisions and approvals by your management. You will be responsible for any delays, additional costs or other liabilities caused by or associated with any deficiencies in the assumptions or in carrying out your responsibilities.

**G. Additional Understandings Arising From the Performance of Services by RSM to Client or an Affiliate of Client Under a Separate Engagement Agreement**

In connection with the performance of these Services, Client agrees to make all management decisions and perform all management functions; designate an individual who possesses suitable skills, knowledge, and/or experience, preferably within senior management, to oversee such Services; evaluate the adequacy and results of the Services performed; accept responsibility for the results of the Services; and establish and maintain internal controls, including monitoring ongoing activities. We will not perform any management functions, make management decisions, or otherwise perform in a capacity equivalent to that of an employee or officer of Client.

**H. Fees and Expenses**

Our Fees for the Services described in this Statement of Work will be based upon a fixed fee with the estimated level of effort based upon the scoping details provided by Kern County Hospital Authority. In addition to our Fees, you will be invoiced for (i) out-of-pocket expenses incurred in connection with the Services, including, as applicable, amounts attributable to travel and meals, and expenses incurred by RSM's subcontractors in connection with the provision of the Services, along with any applicable taxes.

Based on our initial understanding of the engagement scope, our billings for the Services described in this Statement of Work are listed in the table below, plus Expenses and any applicable taxes.

Services	Fees	Billing Terms	Selection
vCISO	\$133,250	We will bill 1/12 of the total fixed fee each month over the course of 12 months.	<input type="checkbox"/>
NIST CSF Maturity Assessment	\$40,000	We will bill: <ul style="list-style-type: none"> <li>• 25% at the end of the planning phase</li> <li>• 25% at the end of interview sessions</li> <li>• 25% when the draft report has been issued</li> <li>• 25% when the final report was issued</li> </ul>	<input type="checkbox"/>
HIPAA Risk Analysis and Compliance Assessment	\$40,000	We will apply the same billing schedule as for the NIST CSF maturity assessment.	<input type="checkbox"/>
Credit Applied if Selecting Both Assessments	(\$10,000)	This credit will automatically be applied if both assessment options are selected in this SOW.	<input type="checkbox"/>

Travel time will be billed at 50% of our standard hourly rates and is in addition to the estimated Fees.

You acknowledge that this is our good-faith estimate based upon our understanding of the engagement assumptions and the facts and circumstances of which we are aware at this time. If the basis of our estimates is inaccurate, the Fees and Expenses may be different from those we each anticipate. If circumstances are encountered that affect our ability to proceed according to the plan outlined above, such as scope changes, loss of key Client personnel, unavailable information, unforeseen circumstances, or circumstances outside of our reasonable control, we will inform you promptly and seek your approval for any changes in scope, timing or Fees that may result from such circumstances.

In the event this Statement of Work is terminated before completion of our Services or payment in full of the fixed fees set forth herein, you will be obligated to pay us a portion of the fixed fees based upon the proportion of the amount of work we performed under this Statement of Work in relation to the total amount of work expected to be completed under this Statement of Work. These fees are exclusive of, and in addition to, any expenses and taxes owed in connection with our Services.

#### **I. Invoice Address**

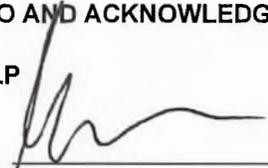
Invoices for our Services rendered pursuant to this Statement of Work will be sent to accounts payable at [accountspayable@kernmedical.com](mailto:accountspayable@kernmedical.com).

**J. Acknowledgement and Acceptance**

By the signatures of their duly authorized representatives below, RSM and Client, intending to be legally bound, acknowledge that they have read and agree to all of the provisions of this Statement of Work (including any exhibits and attachments expressly incorporated herein or attached hereto) as of the SOW Effective Date. RSM and Client, and each signatory below, hereby represent that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such entity to the terms set forth in this Statement of Work.

**AGREED TO AND ACKNOWLEDGED BY:**

**RSM US LLP**

By:   
Name: Gianna Kubiak, Director  
Date: February 9, 2026

**Kern County Hospital Authority**

By: \_\_\_\_\_  
Name: Phil McLaughlin, Chairman  
Date: February 18, 2026  
Address: 1700 Mt. Vernon Avenue  
Bakersfield, California 93306  
FEIN/Tax \_\_\_\_\_  
ID Number: \_\_\_\_\_

Please forward a copy of this signed acceptance to the attention of Gianna Kubiak via mail, DocuSign or an email to [contract@rsmus.com](mailto:contract@rsmus.com). A scan will be considered the equivalent of an original.

## BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (this “Agreement”) is effective as of February 18, 2026 (the “Effective Date”) by and between Kern County Hospital Authority (“Covered Entity”) and RSM US LLP, an Iowa limited liability partnership (“Business Associate”).

### Recitals

**WHEREAS**, the purpose of this Agreement is to assure the privacy and security of Protected Health Information and Electronic Protected Health Information in accordance with Parts 160, 162 and 164 of Chapter 45 of the Code of Federal Regulations (collectively, the “Privacy and Security Rules”) issued by the Department of Health and Human Services (“HHS”) under the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (collectively, “HIPAA”) and the American Recovery and Reinvestment Act and its implementing regulations (collectively, “ARRA”);

**WHEREAS**, the Privacy and Security Rules provide, among other things, that a covered entity is permitted to use and disclose Protected Health Information and Electronic Protected Health Information (each as defined below) to a business associate and allow the business associate to obtain and receive Protected Health Information, if the covered entity obtains satisfactory assurances in the form of a written contract that the business associate will comply with all applicable Privacy and Security Rules;

**WHEREAS**, ARRA provides that certain provisions of the Privacy and Security Rules shall apply to business associates directly and whereas Business Associate is a “business associate” within the meaning of 45 C.F.R. Section 160.103; and

**WHEREAS**, Business Associate will have access to, create, and/or receive certain Protected Health Information and Electronic Protected Health Information in conjunction with the services being provided by Business Associate to Covered Entity under the Underlying Agreement (as defined below) (the “Services”).

**NOW THEREFORE**, Covered Entity and Business Associate agree as follows:

1. **Definitions.** The following terms shall have the meanings set forth below:
  - (a) **Breach.** “Breach” shall have the meaning set forth in 45 C.F.R. Section 164.402.
  - (b) **C.F.R.** “C.F.R.” means the Code of Federal Regulations.
  - (c) **Data Aggregation.** “Data Aggregation” shall have the same meaning as the term “data aggregation” in 45 C.F.R. Section 164.501.
  - (d) **Designated Record Set.** “Designated Record Set” has the meaning assigned to such term in 45 C.F.R. Section 164.501.

- (e) Electronic Protected Health Information. “Electronic Protected Health Information” or “Electronic PHI” has the meaning assigned to such term in 45 C.F.R. Section 160.103.
- (f) Genetic Information. “Genetic information” has the meaning assigned to such term in 45 C.F.R. Section 160.103.
- (g) Individual. “Individual” shall have the same meaning as the term “individual” in 45 C.F.R. Section 160.103 and shall include a person who qualifies as the Individual’s personal representative in accordance with 45 C.F.R. Section 164.502(g).
- (h) Limited Data Set. “Limited Data Set” shall have the meaning assigned to such term in 45 C.F.R. Section 164.514(e)(2).
- (i) Protected Health Information. “Protected Health Information” or “PHI” shall have the same meaning as the term “protected health information” in 45 C.F.R. Section 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Genetic Information shall be considered PHI.
- (j) Required By Law. “Required By Law” shall have the same meaning as the term “required by law” in 45 C.F.R. Section 164.103.
- (k) Secretary. “Secretary” shall mean the Secretary of HHS or his or her designee.
- (l) Security Incident. “Security Incident” shall have the same meaning as the term “security incident” in 45 C.F.R. Section 164.304.
- (m) Standard Transactions. “Standard Transactions” shall have the same meaning as the term “standard transactions” in 45 C.F.R. Section 162.103.
- (n) Subcontractor. “Subcontractor” shall have the same meaning as the term “subcontractor” in 45 C.F.R. Section 160.103.
- (o) Underlying Agreement. “Underlying Agreement” shall mean all current or future services agreements between Covered Entity and Business Associate, as amended or revised from time to time and including all addendums, appendices, exhibits, schedules and statements of work to such agreements (including additional services agreed to in writing by the parties via email).
- (p) Unsecured Protected Health Information or Unsecured PHI. “Unsecured Protected Health Information” or “Unsecured PHI” shall have the same meaning as the term “unsecured protected health information” in 45 C.F.R. Section 164.402.

## 2. Obligations and Activities of Business Associate

- (a) General. Business Associate agrees to abide by applicable provisions of the Privacy and Security Rules, in addition to all federal and applicable state laws concerning

the confidentiality, privacy, and security of Protected Health Information and Electronic Protected Health Information, and to not use or further disclose Protected Health Information or Electronic Protected Health Information other than as permitted or required by this Agreement or the Privacy and Security Rules, or as Required By Law.

- (b) Privacy Safeguards. Business Associate shall maintain appropriate administrative, physical, and technical safeguards to protect the privacy of Protected Health Information and to limit incidental uses or disclosures made pursuant to an otherwise permitted or required use or disclosure.
- (c) Safeguarding Electronic PHI. Business Associate shall implement administrative, physical, and technical safeguards that prevent use or disclosure of the Electronic Protected Health Information other than as permitted by the Privacy and Security Rules, in accordance with Subpart C of 45 C.F.R. Part 164.
- (d) Duty to Mitigate. Business Associate agrees to mitigate, to the extent practicable, any material harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information or Electronic Protected Health Information by Business Associate in violation of the requirements of this Agreement, the Privacy and Security Rules, or other applicable law.
- (e) Subcontractors. Business Associate agrees to ensure that any Subcontractor to whom it provides Protected Health Information or Electronic Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, agrees in writing to the same restrictions and conditions that apply throughout this Agreement to Business Associate with respect to such information in accordance with 45 C.F.R. Sections 164.308(b)(2), 164.502(e)(1)(ii), and 164.504(e)(5).
- (f) Access to PHI. Business Associate agrees to provide access to Protected Health Information in a Designated Record Set, in the manner required by law, in order to meet the requirements under 45 C.F.R. Section 164.524. Business Associate shall provide a copy to Covered Entity or, alternatively, to the Individual directly, if such alternative choice is clearly, conspicuously, and specifically made by the Individual or Covered Entity.
- (g) Amendment of PHI. Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set pursuant to 45 C.F.R. Section 164.526 that Covered Entity directs or agrees to pursuant to the Privacy and Security Rules, in the manner required by law.
- (h) Audits. For purposes of determining compliance with the Privacy and Security Rules, Business Associate agrees to make internal practices, books, and records relating to the use and disclosure of PHI and Electronic PHI received from, or created or received by Business Associate on behalf of Covered Entity, available to the Secretary, in the time and manner determined by the Secretary. Business

Associate shall retain books and records relating to its use and disclosure of Protected Health Information on Covered Entity's behalf for six (6) years from the date the information is last used or relied upon.

- (i) Documenting Disclosures. Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. Section 164.528.
- (j) Accounting. Business Associate agrees to provide to Covered Entity, upon request and in the time and manner required by law, an accounting of disclosures of an individual's Protected Health Information, collected in accordance with Section 2(i) of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. Section 164.528. Business Associate may impose a reasonable fee for such accounting in accordance with 45 C.F.R. Section 164.528(c).
- (k) Standard Transactions. If Business Associate conducts any Standard Transactions on behalf of Covered Entity, Business Associate shall comply with the applicable requirements of 45 C.F.R. Part 162.
- (l) Reporting Unauthorized Uses or Disclosures. Business Associate agrees to report to Covered Entity in writing any use or disclosure of PHI not permitted by this Agreement of which Business Associate becomes aware as soon as practicable of its becoming aware and will take reasonable action necessary to prevent and minimize damage to any Individual and to prevent any future such occurrences. If the unauthorized use or disclosure qualifies as a Breach, Business Associate agrees to comply with the notification provisions in Section 2(n).
- (m) Reporting Security Incidents. Business Associate agrees to report any Security Incident as soon as practicable after becoming aware of such incident. However, certain low risk attempts to breach network security, such as the incidents listed below, shall not constitute a Security Incident under this Agreement, provided they do not penetrate the perimeter, do not result in an actual Breach of security, and remain within the normal incident level:
  - Pings on the firewall;
  - Port scans;
  - Attempts to log onto a system or enter a database with an invalid password or username;
  - Denial-of-service attacks that do not result in a server being taken off-line; and

- Malware, such as worms or viruses.
- (n) Notification of Breach. Following the discovery of a Breach of Unsecured PHI, Business Associate shall notify Covered Entity without unreasonable delay and in no event later than five (5) business days after such discovery. The notification shall include, to the extent available at the time of initial notice:
- (i) identification of each Individual whose Unsecured PHI has been, or is reasonably believed to have been, accessed, acquired, used, or disclosed;
  - (ii) a description of the nature and scope of the Breach, including the categories of PHI involved; and
  - (iii) a description of the steps taken or planned to investigate, mitigate, and prevent recurrence.

Business Associate shall supplement the initial notification on a rolling basis as additional information becomes available, and shall provide all information reasonably necessary for Covered Entity to meet notification obligations under HIPAA, California Health & Safety Code §1280.15, California Civil Code §1798.82 (including the amendment effective January 1, 2026), and other applicable law.

Nothing in this Agreement shall be interpreted to permit Business Associate to delay reporting in a manner that would prevent Covered Entity from meeting statutory or regulatory deadlines.

- (o) Prohibition on Sale of Records. Business Associate shall not directly or indirectly receive remuneration in exchange for any PHI or Electronic PHI of any Individual unless Business Associate or Covered Entity obtains from the Individual, in accordance with 45 C.F.R. Section 164.508, a valid authorization that includes a specification of whether the PHI or Electronic PHI can be further exchanged for remuneration by the entity receiving PHI or Electronic PHI of that Individual, except as otherwise allowed under ARRA.
- (p) Training. Business Associate shall provide training as to the applicable Privacy and Security Rules to all of its employees who will handle or be responsible for handling PHI or Electronic PHI on behalf of Covered Entity.
- (q) Delegated Responsibilities. To the extent Business Associate is to carry out any of Covered Entity's obligations under the Privacy and Security Rules, Business Associate will comply with the requirements of the Privacy and Security Rules that apply to Covered Entity in the performance of such obligations.

### 3. **Permitted Uses and Disclosures by Business Associate**

#### 3.1 **General Use and Disclosure**

Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform the Services, provided that such use or disclosure would not violate the Privacy and Security Rules if done by Covered Entity.

### 3.2 Specific Use and Disclosure Provisions

- (a) Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.
- (b) Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information and Electronic Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that such disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person (and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached).
- (c) Business Associate agrees to make uses and disclosures and requests for Protected Health Information consistent with Covered Entity's minimum necessary policies and procedures.
- (d) Except as otherwise limited in this Agreement, Business Associate may use PHI and Electronic PHI to provide data aggregation services relating to the health care operations of Covered Entity, as permitted by 42 C.F.R. Section 164.504(e)(2)(i)(B).
- (e) Business Associate is authorized to use Protected Health Information to de-identify the information in accordance with 45 C.F.R. Section 164.514(a)-(c). Business Associate may use PHI: (i) to de-identify the information or create a Limited Data Set in accordance with 45 C.F.R. Section 164.514; (ii) pursuant to an individual authorization in accordance with 45 C.F.R. Section 164.508; (iii) to report violations of law to appropriate federal and state authorities, consistent with 45 C.F.R. Section 164.502(j)(1); and (iv) as otherwise authorized in writing by Covered Entity.
- (f) Business Associate may de-identify PHI solely to the extent necessary to perform the Services under the Underlying Agreement. Business Associate's use of de-identified or aggregated PHI shall be limited exclusively to performing the Services, and shall not include analytics, benchmarking, research, product development, quality improvement, internal business purposes, or disclosure to any third party. Business Associate shall not retain any de-identified or aggregated PHI after completion of the Services. For clarity, 'management and administration' does

not include analytics, benchmarking, internal insights, quality improvement, research, or product development.

#### 4. **Obligations of Covered Entity**

##### 4.1 **Provisions for Covered Entity to Inform Business Associate of Privacy Practices and Restrictions**

- (a) Covered Entity shall notify Business Associate, in writing, of any limitation(s) in the notice of privacy practices of Covered Entity under 45 C.F.R. Section 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI and Covered Entity shall provide Business Associate with a copy of the notice of privacy practices that Covered Entity maintains, as well as any changes to that notice, within a reasonable time period after such changes take effect.
- (b) Covered Entity shall provide Business Associate with notice, in writing, of any changes in, or revocation of, permission by Individuals to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.
- (c) Covered Entity shall notify Business Associate, in writing, of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. Section 164.522. Business Associate agrees to conform to any such restriction.
- (d) Covered Entity acknowledges that it shall provide to, or request from, Business Associate only the minimum Protected Health Information necessary for Business Associate to perform or fulfill a specific function required or permitted hereunder.

##### 4.2 **Permissible Requests by Covered Entity**

Covered Entity represents and warrants that it has the right and authority to disclose Protected Health Information to Business Associate for Business Associate to perform the Services, and Business Associate's use of the Protected Health Information to perform the Services requested by Covered Entity does not, to the extent Business Associate acts within the scope of any such request(s) and this Agreement, violate the Privacy and Security Rules, Covered Entity's privacy notice, or any applicable law. Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy and Security Rules if done by Covered Entity.

#### 5. **Termination**

- (a) **Term.** This Agreement shall be effective beginning on the Effective Date and shall terminate when all of the Protected Health Information, in any form, received from, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity; provided, however, that, if it is not feasible to destroy the Protected Health Information or to return the Protected Health

Information to Covered Entity, protections shall be extended to such information, in accordance with the provisions of subsection (c) below.

(b) Termination for Cause. Notwithstanding any other provision of this Agreement, if either party discovers or obtains knowledge of a failure by the other party to perform its duties under this Agreement or other material breach of the provisions of this Agreement (hereinafter collectively referred to as a “Material Breach”), the discovering party shall provide a period of 30 business days for the breaching party to cure the Material Breach; provided, however, that, if the breaching party does not cure the Material Breach within such 30-day period, the discovering party shall terminate this Agreement at the end of such 30-day period; and provided, further, that, if cure of such Material Breach is not possible, the discovering party shall terminate this Agreement immediately upon its receipt of knowledge of such Material Breach. Notwithstanding the foregoing, if neither termination nor cure are feasible, the discovering party shall report the violation to the Secretary.

(c) Effect of Termination.

(1) Except as provided in paragraph (2) of this section, upon termination of this Agreement for any reason, Business Associate shall return or destroy all Protected Health Information and Electronic Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. Business Associate shall retain no copies of the Protected Health Information and Electronic Protected Health Information.

(2) In the event Business Associate determines that returning or destroying the Protected Health Information or Electronic Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible and shall extend the protections of this Agreement to such Protected Health Information or Electronic Protected Health Information for so long as Business Associate maintains such Protected Health Information or Electronic Protected Health Information. Following the termination of this Agreement, Business Associate shall not disclose Protected Health Information or Electronic Protected Health Information except to Covered Entity or as Required By Law.

## 6. Miscellaneous

(a) Regulatory References. A reference in this Agreement to a section in the Privacy and Security Rules means the section as in effect or as amended, and for which compliance is required.

(b) Amendment. This Agreement may be amended upon the mutual written agreement of the parties. Upon the enactment of any law or regulation affecting the use or disclosure of Protected Health Information or Electronic Protected Health

Information, or the publication of any decision of a court of the United States or any state relating to any such law or the publication of any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation, either party may, by written notice to the other party, and by mutual agreement, amend this Agreement in such manner as such party determines necessary to comply with such law or regulation. If the other party disagrees with such amendment, it shall so notify the first party in writing within thirty (30) days of the notice. If the parties are unable to agree on an amendment within thirty (30) days thereafter, then either of the parties may terminate this Agreement on thirty (30) days written notice to the other party.

- (c) Survival. The terms of this Agreement which by their nature are to survive this Agreement will survive its expiration or termination.
- (d) Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits both parties to comply with the Privacy and Security Rules. In the event of any inconsistency or conflict between this Agreement and any other agreement between the parties, the terms, provisions and conditions of this Agreement shall govern and control.
- (e) No Third Party Beneficiary. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and the respective successors or assigns of the parties, any rights, remedies, obligations, or liabilities whatsoever.
- (f) Indemnification. Each party shall indemnify and hold harmless the other party and its affiliates and their respective partners, principals, directors, officers, employees, agents, and subcontractors from and against any claim, cause of action, liability, damage, penalty, fine, cost, or expense (including court costs and reasonable attorneys' fees) arising out of or relating to any act, omission, or breach by such party in connection with this Agreement. Business Associate is entitled to rely on all instructions, communications, and other directions from Covered Entity concerning disclosure of Protected Health Information or Electronic Protected Health Information.
- (g) Limitation of Liability. Business Associate's total liability relating to this Agreement and the Underlying Agreement shall be limited as set forth in the Underlying Agreement.
- (h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, to the extent not preempted by federal law. The parties hereby submit to the exclusive personal and subject matter jurisdiction and venue of the courts in such state and agree to waive the defense of an inconvenient forum.
- (i) Compliance with Laws and Policies. Business Associate shall comply with all applicable federal and state laws and regulations during the term of this Agreement

and, to the extent provided in Section 6 of this Agreement, after the termination thereof, including without limitation: (1) the Privacy and Security Rules, the Security Standards, and the Breach Notification Standards; and (2) state privacy or security laws, rules, and regulations that apply to Protected Health Information (that are not preempted by the Privacy and Security Rules), the Security Standards, or the Employee Retirement Income Security Act of 1974, as amended.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

**COVERED ENTITY:**

Kern County Hospital Authority

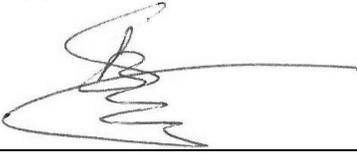
By: \_\_\_\_\_

Its: Phil McLaughlin, Chairman, Board of Governors

Date: February 18, 2026

**BUSINESS ASSOCIATE:**

**RSM US LLP**

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

Its: Arvind Rao, Principal

Date: February 9, 2026

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By *Shannon Hochstein*  
Kern County Hospital Authority



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

February 18, 2026

**Subject:** Proposed Ordering Document CPQ-4243568 with Oracle America, Inc. to purchase equipment and support Labor and Delivery's FetaLink boxes

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

**Summary:**

Kern Medical requests that your Board approve the proposed Ordering Document CPQ-4243568 with Oracle America, Inc. to purchase equipment, cable, freight, and one year of Advanced Exchange Support services. This purchase is required to maintain and adequate break/fix inventory of Cerner cables and adapters for the CCE FetaLink boxes used in Labor and Delivery, as current stock has been depleted and replacement components are necessary to support ongoing patient monitoring and equipment repairs.

The equipment and freight costs are \$1,340 with an additional \$134 in annual support fees, for a maximum payable of \$1,474. Equipment charges are due upon delivery and annual support fees are billed in advance commencing upon delivery of the equipment.

The order is governed under Kern Medical's existing Cerner Business Agreement and contains standard terms related to payment, shipping, and delivery. Title to the equipment transfers upon delivery, and installation will be performed by Kern Medical unless separate installation services are purchased.

Approval of this order will allow Kern Medical to obtain the required hardware components and support services necessary for continued Oracle Health system operations. Failure to approve the order could delay deployment of equipment and impact operational readiness for Oracle-supported devices in the Labor and Delivery department.

Counsel is unable to approve due to nonstandard terms, which include third-party products and services with pass-through provisions accepted without Counsel approval and limited opportunity for cost negotiation.

Therefore, it is recommended that your Board approve the proposed Ordering Document CPQ-4243568 with Oracle America, Inc. to purchase equipment and support Labor and Delivery's FetaLink boxes, with a maximum payable of \$1,474, for the period of February 18, 2026 to February 17, 2027, and authorize the Chairman to sign.

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

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

**Contact**

Edgar Hernandez  
+1 (661) 326-2619  
Edgar.Hernandez@kernmedical.com

## Fee Summary

Fee Description	Net Fees	Monthly Fees	Annual Fees
Equipment and Equipment Support	1,340.10	--	133.80
<b>Total Fees</b>	<b>1,340.10</b>	<b>0.00</b>	<b>133.80</b>

## Billing Frequency

Description	Amount Due	Payment Due
Equipment	100%	Upon delivery
Equipment Support - Annual Fees	100%	Annually in advance, beginning upon delivery

## Ordered Items

### Equipment and Equipment Support

Part Number	Description	Term	Pass-Through Code	Quantity	Unit Net Price	Extended Net Fees	Annual Fees
7607574	RJ-11 Male to DE-9 Male Device Adapter Cable [Mfg Part Num: DIGI11-A]	--	3rd Party	5	32.33	161.65	--
7607578	Device Adapter, Programmable, for Oracle Health only. [Mfg Part Num: ANA-D5000-100-A1]	--	--	5	223.00	1,115.00	--
B97320	Oracle Health Advanced Exchange Support	12 mo	--	--	--	--	133.80
7610049	Cables to Go - USB cable - 4 pin USB Type A (M) - 4 pi for select countries. [Mfg Part Num: 13401]	--	3rd Party	5	8.99	44.95	--
B59411	Hardware Freight Fee	--	--	1	--	18.50	--
<b>Subtotal</b>						<b>1,340.10</b>	<b>133.80</b>

## 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 # 2016-036) 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 are responsible for all shipping and handling fees.

d. 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.

e. 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 v121525 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. Third-Party Offerings.

Certain products and services are provided by third-party suppliers (the "Third-Party Offerings"). Third-Party Offerings You have ordered, if any, are identified with information in the Pass-Through Code column in the Ordered Items table(s) above. For Third-Party Offerings with alphanumeric codes in the Pass-Through Code column, additional terms required by the third-party supplier that apply to such Third Party Offerings are available at <http://www.oracle.com/contracts> on the Oracle Health tab and are incorporated into this order by reference. For Third-Party Offerings with "3rd Party" in the Pass-Through Code column, no additional terms are required by the third-party supplier.

There are no indemnities, or express or implied warranties or conditions, offered or made by Oracle for Third-Party Offerings. Content Oracle makes accessible through Third-Party Offerings is provided on an "as-is" and "as available" basis without any warranty of any kind. Oracle disclaims all liabilities arising from or related to Third-Party Offerings.

#### c. 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. Equipment and Equipment Support

#### a. Delivery, Installation and Acceptance of Equipment.

(i) You are responsible for installation of the Ordered Items identified as Equipment in the table(s) above unless You purchase installation services from Oracle for that Equipment.

(ii) Oracle will deliver the Equipment in accordance with Oracle's Order and Delivery Policies which are in effect at the time of Your order, and which are available at <http://www.oracle.com/contracts> on the Oracle Health tab. Oracle will use the delivery address specified by You on this order.

(iii) The Equipment You have ordered will be delivered via delivery method HARDWARE - STANDARD.

(iv) Acceptance of the Equipment is deemed to occur on delivery.

(v) Oracle may make and invoice You for partial deliveries.

(vi) Oracle may make substitutions and modifications to the Equipment and Equipment Support based on availability or technological advancements.

(vii) Oracle will use its reasonable commercial efforts to deliver the Equipment within the timeframes specified in this order.

#### b. Transfer of Title.

Title to the Equipment will transfer upon delivery.

**c. Warranty.**

In the event that a warranty is provided by Oracle or a third-party, such warranty will be identified in the description of the Equipment ordered and details of the warranty will be available in the Oracle Health Equipment Warranty Policies which are available at <http://www.oracle.com/contracts> on the Oracle Health tab.

**d. Equipment Support.**

If ordered, support for Your Equipment will be provided in accordance with the Oracle Health technical support policies which are available at <http://www.oracle.com/contracts> on the Oracle Health tab.

**5. 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.

**6. 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.

**7. 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. Credit Card or PayPal Payments**

If the pre-tax value of this order is USD 99,999 or less and You opt to purchase the Ordered Items listed on this order by credit card or PayPal, the payment will be charged upon invoice generation with immediate payment terms.

Consulting/Professional Services may not be purchased by credit card or PayPal irrespective of the transaction size.

Kern County Hospital Authority

Signature \_\_\_\_\_

Name Phil McLaughlin

Title Chairman, Board of Governors

Signature Date February 18, 2026

Oracle America, Inc.

Signature *Anthony Hernandez*

Name Anthony Hernandez

Title Senior Director, NA Customer Deal Desk

Signature Date 12-Feb-2026 02:29 PM PDT

REVIEWED ONLY  
NOT APPROVED AS TO FORM

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 Bakersfield, CA US 93305	Edgar Hernandez +1 (661) 326-2619 Edgar.Hernandez@kernmedical.com

### Ship To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1700 Mount Vernon Avenue ATTN: Edgar Hernandez Bakersfield, CA US 93306	Edgar Hernandez +1 (661) 326-2619 Edgar.Hernandez@kernmedical.com



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

February 18, 2026

**Subject:** Proposed Amendment No. 1 to Agreement 21323 with Healthware, Inc. for web-based pharmacokinetic solution

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

**Summary:**

Kern Medical requests your Board approve the proposed agreement with Healthware, Inc for continued professional services related to Healthware's web-based pharmacokinetic solution (Precise PK), which provides patient-specific dosing recommendations for antimicrobials to target therapeutic drug levels.

On April 18, 2023, Kern Medical entered into a three (3) year agreement with Healthware in an amount not to exceed \$9,900. The proposed Amendment would extend the current agreement for an additional three (3) years, from April 18, 2026 through April 17, 2029, in an amount not to exceed \$41,700.

Kern Medical recommends that your Board approve the proposed Amendment No. 1 with Healthware, Inc., for the period of April 18, 2026 through April 17, 2029, in an amount not to exceed \$41,700, plus applicable taxes and fees, and authorize the Chairman to sign.

**AMENDMENT NO. 1  
TO PRECISEPK SOFTWARE LICENSE AGREEMENT  
(Renewal Addendum)**

This Renewal Addendum (“Addendum”) is entered into by and between Healthware Inc. (“Healthware”) and Kern County Hospital Authority, on behalf of Kern Medical Center (“Institution”), and is effective as of April 18, 2026 (“Addendum Effective Date”).

This Addendum amends that certain PrecisePK by Healthware Inc. Software License Agreement, together with the Business Associate Agreement (collectively, the “Agreement”), previously entered into by the parties.

**1. Renewal Term.**

The parties agree that the Agreement Term is extended for an additional three (3) years, commencing on April 18, 2026 and ending on April 17, 2029 (“Renewal Term”).

**2. Fees.**

During the Renewal Term, the annual subscription fee shall remain USD \$13,900 per year. Healthware will invoice annually, and Institution will pay each invoice within thirty (30) days of the invoice date, unless otherwise agreed in writing.

**3. No Other Changes.**

Except as expressly amended by this Addendum, all terms and conditions of the Agreement and the Business Associate Agreement remain unchanged and in full force and effect.

**4. Order of Precedence.**

In the event of any conflict between this Addendum and the Agreement, this Addendum shall control. In the event of any conflict relating to protected health information, privacy, or security obligations, the Business Associate Agreement shall control.

**5. Counterparts; Electronic Signatures.**

This Addendum may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Electronic signatures shall be deemed valid and binding.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the Addendum Effective Date.

HEALTHWARE INC.  
By:   
Name: Anjum Gupta  
Title: Chief Executive Officer  
Date: January 15, 2026

KERN COUNTY HOSPITAL AUTHORITY  
on behalf of Kern Medical Center  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



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

February 18, 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**  
**February 18, 2026**

<b>Agreement</b>	<b>Description</b>
GE HealthCare	<b>CT Scanner</b> -GE has updated the equipment listing based on system availability which requires a change order to our purchase agreement. The change order was not received in time to be submitted with the February board agenda. To prevent delays in construction and delivery, the change order requires approval prior to the March board meeting.
Airgas USA, LLC.	New medical grade gas supplier. Transition to a new vendor for medical grade and specialty gases. Item was not received in time for January Board.



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

February 18, 2026

**Subject:** Proposed Retroactive Subscription Agreement and Business Associate Agreement with Keona Health, Inc.

**Recommended Action:** Approve; Authorize Chief Executive Officer to sign

**Summary:**

Kern Medical requests your Board retroactively approve a Subscription Agreement and Business Associate Agreement (BAA) with Keona Health, Inc. for the implementation and use of its CareDesk nurse triage platform, including associated clinical protocols, professional services, training, and electronic health record integration.

The CareDesk platform will be utilized to support nurse triage and call center operations, providing structured clinical guidance for both after-hours and office-hour calls. The agreement includes subscriptions for eighteen (18) users, ten (10) clinical agents, and eight (8) non-clinical agents along with implementation services, training resources, and integration with Oracle Cerner.

The financial commitment under the agreement totals \$74,000 in Year One, consisting of \$54,000 in annual subscription fees and \$20,000 in implementation costs, due upon the effective date. Subscription rates may increase by up to three percent (3%) annually in subsequent years. The total not to exceed amount for this Agreement is \$182,000. The proposed Agreement is effective for a period of three (3) years, from February 3, 2026 through February 2, 2029.

The Agreement is retroactive due to the urgent need to ensure continuity of nurse triage services after Kern Medical's prior vendor announced it would discontinue services effective January 31, 2026, leaving approximately one month to identify and implement a replacement solution. To avoid disruption in patient care and to maintain regulatory and operational requirements, Kern Medical proceeded with implementation planning for Keona Health's CareDesk platform while contract negotiations and legal review were ongoing. Keona Health went live on February 3, 2026.

Counsel is unable to approve this Agreement as to form as it contains nonstandard terms. Those terms include the Agreement being governed by New York law and a limitation of liability to three times the annual rate of agreement. Despite negotiations, counsel was unable to remove these terms.

Therefore, it is recommended that your Board retroactively approve the Keona Health Subscription Agreement and Business Associate Agreement, effective February 3, 2026 through February 2, 2029, in and amount not to exceed \$182,000 and authorize the Chief Executive Officer to sign.

**SUBSCRIPTION AGREEMENT**

**THIS SUBSCRIPTION AGREEMENT** (this "Agreement") is made and entered into this 3<sup>rd</sup> day of February, 2026 (the "Effective Date"), by and between Kern Medical, a [corporation/limited liability company] (the "Client"), and **KEONA HEALTH, INC.**, a Delaware corporation ("Keona Health"). Each of Client and Keona Health shall be referred to hereto as a "Party" and collectively the "Parties."

**AGREEMENT**

In consideration of the mutual obligations contained in this Agreement, the Parties hereto agree for themselves, their successors and permitted assigns as follows:

**ARTICLE I****DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings set forth below:

"Agent" means each User that has been granted an "Interviewer," "Nurse," or "Manager" role and permissions within the CareDesk Tool.

"Client Systems" means Client's electronic systems to be integrated, identified on **Schedule D**.

"Clinical Content" means those patient triage protocols identified in **Schedule A** and subscribed to by Client pursuant to this Agreement which the CareDesk tool presents when Client provides patient support using the CareDesk tool.

"Content" means Clinical Content and any other content identified and obtained by Client which the CareDesk tool presents when Client provides patient support using the CareDesk tool.

"Data" means the electronic medical data and/or information submitted by Client (including, without limitation, Client's Providers and staff) and each of Client's customers to the Service.

"Documentation" means the online user guide for the Service, as updated from time to time by Keona Health.

"Fee" means, for each month of the Term, an amount equal to the total number of Agent subscriptions for the Service as of the applicable Payment Date *multiplied by* the Per Agent Rate as of the applicable Payment Date.

"CareDesk tool" means call center support software provided by Keona Health and which presents Content.

"Initial Payment Date" means the first date on which a payment by Client is due, and shall be the Effective Date.

"Keona Health Acceptable Use Policy" means the acceptable use policy set forth at <https://www.keonahealth.com/acceptable-use-policy>.

"Order Form" means a mutually executed ordering document setting forth the purchases made by Client under this Agreement. Schedule A attached to this Agreement also constitutes an Order Form even

though it is not separately executed by the parties. All Order Forms are hereby incorporated into and governed by the terms of this Agreement.

“Payment Date” means the Subscription Date for such Application and (i) if the Fee for the Service is required by Keona Health to be paid on a monthly basis, the first business day of each successive month after the Subscription Date or (ii) if the Fee for the Service is required by Keona Health to be paid on an annual basis, each anniversary of the Subscription Date for the Service.

“Per Agent Rate” means the per Agent subscription rate applicable for the Service, as updated from time to time by Keona Health. The Per Agent Rate for the Service as of the Effective Date is set forth on **Schedule A**.

“Professional Services” means any implementation, training, consulting or other professional services set forth on an applicable Order Form, including without limitation any integration services to integrate the Service into the Client EHR; provided that Professional Services do not include Support Services.

“Service” means any Clinical Content and the CareDesk tool subscribed to by Client pursuant to the terms of this Agreement, including any modifications, enhancements and updates to such Clinical Content or CareDesk tool as well as all training materials and other deliverables provided by Keona Health in its provision of Professional Services.

“Subscription Date” means the date that Client initially subscribes to the Service and (i) if the Fee for the Service is required by Keona Health to be paid on a monthly basis, defined as the Effective Date or (ii) if the Fee for the Service is required to be paid on an annual basis, defined as the date Keona Health first trains the Client, or ninety (90) days after the Effective Date, whichever comes first.

“User” means each individual user identified by Client that has been granted a login to the Service.

## **ARTICLE II ACCESS TO THE SERVICE; SUPPORT**

### **2.1 Subscription; Reservation of Rights.**

(a) *Subscription to CareDesk tool.* Subject to the terms of this Agreement (including, without limitation, the limitations described in this **Section 2.1(a)**), and as long as Client pays all of the fees to Keona Health as described hereunder, Keona Health grants Client and its Users a limited, non-exclusive, non-transferable, right to access and use the CareDesk tool to be used solely in connection with patient triage and other patient support through call center services offered by the Client and for no other purpose.

(b) *Subscription to Clinical Content.* Subject to the terms of this Agreement (including, without limitation, the limitations described in this **Section 2.1(b)**), and as long as Client pays all of the fees to Keona Health as described hereunder, Keona Health grants Client and its Users a limited, non-exclusive, non-transferable, right to access and use the Clinical Content identified on **Schedule A** solely in connection with Client’s subscription to CareDesk tool and for no other purpose. Subject to the terms of this Agreement, Client may modify the Clinical Content to meet its own specifications. Client is expressly prohibited from (i) sublicensing or distributing any rights to the Clinical Content or (ii) using the Clinical Content except when using the CareDesk tool.

(c) *Limitations and Obligations:*

(i) Unless otherwise specified herein or in any applicable Order Form: (A) access and use of the Service shall be limited to the number of Agent subscriptions purchased by Client from Keona Health; and (ii) if additional Agent subscriptions are required, Client shall purchase such additional Agent subscriptions by mutual execution of an applicable Order Form and each such additional Agent subscription shall terminate on the same date as Client's then-existing Agent subscriptions. Agent subscriptions are for designated Agents and cannot be shared or used by any other person. Agent subscriptions may be reassigned to new Agents replacing former Agents who no longer require ongoing use of the Service.

(ii) Prior to any use of the Service by a User or any User employee (each, a "User"), each such User will be required to register with the Service. Part of the registration process will require each User to agree to the Keona Health Terms of Use ("Terms of Use"), a copy of which has been provided to Client (and may be subject to change from time to time). Client acknowledges and agrees that its use of the Service (as well as the use by its Users) shall be subject to the Terms of Use.

(iii) Other than access by Users who have agreed to the Terms of Use, no other right to access to or use the Service is granted under this Agreement, and Client shall not attempt to access or use the Service other than through its Users and for the intended purpose of the Service. Client shall not provide access to the Service to any third party that is not a User.

(iv) Client shall: (A) be responsible for each Users' compliance with this Agreement; (B) be solely responsible for the accuracy, quality, integrity and legality of the Data and of the means by which Client acquired the Data; (C) use commercially reasonable efforts to prevent unauthorized access to or use of the Service, and notify Keona Health promptly of any such unauthorized access or use; (D) use the Service only in accordance with the Documentation and all applicable federal, state and local laws, regulations, governmental orders, decrees and other governmental requirements; (E) not make the Service available to anyone other than Users, provided that in each such instance that Client shall ensure that such individual shall use the Service only in accordance with the Documentation and this Section 2.1(c)(iv); (F) not modify, alter, revise, decompile, disassemble, reverse engineer, create derivative works or attempt to derive the source code of the Service (provided, however, that Client may modify Clinical Content pursuant to Section 2.1(b) above and may modify the CareDesk tool after obtaining the prior written consent of Keona Health); (G) not use the Service to store or transmit infringing, libelous, threatening, obscene, pornographic, indecent, hateful or otherwise unlawful or tortious material, or to store or transmit material in violation of third-party privacy or other rights; (H) not interfere with or disrupt the integrity or performance of the Service; including without limitation, using the Service to spam or distribute malware or other harmful computer program routines; (I) not access the Service in order to build a competitive product or service, copy any features, functions or graphics of the Service or monitor the availability and/or functionality of the Service for any benchmarking or competitive purposes; (J) use the Service where failure of the Service could lead to the death or serious bodily injury of any person, or to severe physical or environmental damage; (K) comply the terms of the Keona Health Acceptable Use Policy; and (L) not assist nor encourage anyone to do any of the above.

(d) *Reservation of Rights.* Client acknowledges and agrees that Keona Health retains all ownership right, title, and interest in and to the Service, including (without limitation) all corrections, enhancements, improvements to, or derivative works of the Service (collectively, "Derivative Works"), and in all copyrights, patents, patent rights, trade secrets, trademarks and other intellectual property rights in or to the Service, and the Service must prominently display applicable copyright notices. To the extent any Derivative Work is developed by Keona Health based upon ideas or suggestions submitted by Client to

Keona Health or based on the joint effort or collaboration of the parties, Client hereby irrevocably assigns all rights to modify or enhance the Service using such ideas or suggestions or joint contributions to Keona Health, together with all copyrights, trade secrets, trademarks, patents, patent rights and other intellectual property rights related to such Derivative Works. No rights to the Service are granted to Client hereunder other than as expressly set forth herein. Client hereby grants Keona Health a royalty-free, worldwide, transferable, sublicenseable, irrevocable, perpetual license to use any Data in an aggregate and anonymized manner for reviewing performance with Client, offering advice to Client, guiding Client regarding the services to be delivered, and improving Keona Health's offerings.

(e) *Suggestions*. Keona Health shall have a royalty-free, worldwide, transferable, sublicenseable, irrevocable, perpetual license to use or incorporate into the Service and/or any new product any suggestions, enhancement requests, recommendations or other feedback provided by Client, including Users, relating to the Service.

2.2 *Support*. During the Term Keona Health shall provide to Client telephone and e-mail support with regard to the CareDesk tool ("Support Services") as set out on **Schedule C**.

### **ARTICLE III PROFESSIONAL SERVICES, BRANDING AND MARKETING**

3.1 *Professional Services*. Keona Health shall use commercially reasonable efforts to provide the Professional Services to Client. Notwithstanding the foregoing, Client and any owners of Client Systems as set out in **Schedule D** shall provide all reasonably requested assistance necessary for Keona Health to successfully complete the Professional Services, including without limitation, providing access to (and assistance of) all Client information technology resources and personnel reasonably required to ensure successful project completion. Any changes to contracted Professional Services must be reflected in an additional Order Form or mutually executed change order to be effective.

3.2 *Branding*. Keona Health shall create and maintain a Client branded (*i.e.*, private label) version of the Service for Client, which shall include data entry screen(s) with such logos or other indicators of Client as the parties mutually agree. Notwithstanding the foregoing, Client acknowledges and agrees that Keona Health shall be permitted to display a credit and/or attribution on such Client branded version of the Service, which as of the Effective Date will be substantially in the form of: "*Powered by [Insert visual representation of Keona Health logo]*". All Clinical Content subscribed to by Client shall also display a credit and/or attribution on such Client branded version of the Clinical Content crediting the author or authors of the applicable Clinical Content and stating that such Clinical Content is protected by copyright.

3.3 *Use of Trademarks*: In order to facilitate the branding and marketing described in **Section 3.2**, Client hereby grants to Keona Health a non-exclusive, non-transferable, non-sublicensable right to use and display its trademarks, service marks, and logos (the "Client Marks") for the sole purpose of fulfilling its obligations hereunder. The nature and quality of Keona Health's use of the Client Marks shall (i) be of a quality consistent with Client's past practice and in a manner consistent with the goodwill and reputation of Client; and (ii) include all notices and legends with respect to the Client Marks as are requested by Client or required by applicable federal, state and/or local laws. Client shall agree in writing to any use of or display of any Client Marks. Client shall at all times reserve the right to prohibit any use of its Client Marks that it deems unacceptable, in its sole discretion. Keona Health acknowledges and agrees that it has no right or interest in any goodwill in the Client Marks that is created through the activities contemplated under this Agreement, and that all such goodwill shall accrue to the benefit of Client. Keona Health shall not attempt to register any Client Marks anywhere in the world without the prior written consent of Client.

**ARTICLE IV  
PAYMENT AND FEES**

4.1 Fees.

(a) *Subscription Fees.* Client shall pay the applicable Fees for the Service on each Payment Date. Notwithstanding the foregoing, each time Client increases the number of Agent subscriptions for the Service during the Term, Client shall pay to Keona Health an additional fee in an amount equal to the number of additional Agent subscriptions purchased for the Service *multiplied by* the then-current Per Agent Rate. During the Term Client shall establish and maintain an ACH auto debit, in form acceptable to Keona Health, which shall ensure that each Fee is paid to Keona Health on each applicable Payment Date during the Term.

(b) *Non-Recurring Fees.* Client shall pay to Keona Health the non-recurring fees, if any, identified in any Order Form. Client shall pay such non-recurring fees in the amount, and in accordance with the payment terms, specified in the applicable Order Form. Except as otherwise expressly provided in an applicable Order Form, all payments of fees for Professional Services hours expire if not used within the corresponding calendar quarter designated on the Order Form.

(c) *Clarifications.* Except as otherwise specified herein or in any applicable Order Form: (i) all fees are quoted and payable in United States dollars; (ii) all Fees are based on Agent subscriptions purchased and not actual usage; (iii) payment obligations are non-cancelable and fees paid are non-refundable; and (iv) the number of Agent subscriptions may only be decreased at the commencement of any Renewal Term (*i.e.*, not during any Renewal Term).

4.2 Invoices. Keona Health will deliver the initial invoice to the Client for Professional Services Fees plus the first recurring payment within 14 days of the Effective Date.

4.3 Late Payments. Unless otherwise specified herein or in any applicable Order Form, Client shall pay any fees due under this Agreement within thirty (30) days of receipt of an invoice from Keona Health.

4.4 Taxes and Additional Payments. In addition to all other fees payable under this Agreement, Client shall pay all taxes (other than taxes based on income), duties, import and export fees, and any other charges or assessments established by any government agency which are applicable to performance under this Agreement. Client agrees to indemnify and hold Keona Health harmless from any encumbrance, fine, penalty or other expense which Keona Health may incur as a result of Client's failure to pay such taxes, duties and fees as required hereunder.

4.5 Reimbursable Expenses. Client shall reimburse Keona Health for all costs and expenses incurred in connection with the performance of any Professional or Services requested by Client pursuant to this Agreement, including without limitation, expenses for travel, lodging, shipping, postage and courier services.

**ARTICLE V  
TERM AND TERMINATION**

5.1 Term. Unless otherwise terminated in accordance with this Agreement, (i) the initial term of this Agreement shall be for a period of 3 years from the Subscription Date (the "Initial Term") ;

5.2 Termination and/or Suspension by Keona Health. Keona Health may terminate this Agreement prior to the expiration of the Term if: (a) Client commits a material breach of this Agreement;

(b) Keona Health believes that Client's use of the Service represents a direct or indirect threat to the function or integrity of Keona Health's network, or anyone else's use of the Service; (c) reasonably necessary to prevent unauthorized access to the Data; or (d) to the extent necessary to comply with legal requirements; and Client fails to cure such breach or other listed issue within thirty (30) days after written notice of such breach or other listed issue is given by Keona Health, provided that if the breach involves a failure of Client to pay any of the fees required under this Agreement, the cure period shall be reduced to ten (10) days. In addition to the foregoing, a breach of **Article VII** shall constitute a material breach of this Agreement for purpose of this Section and give rise to an immediate termination right by Keona Health. Without limiting the foregoing, in the event of a breach or other listed issue that gives rise to the right by Keona Health to terminate this Agreement, Keona Health may elect, as an interim measure, to suspend its performance hereunder (including, without limitation, Client's right to access the Service) until the breach is cured. Keona Health's exercise of its right to suspend performance shall be without prejudice to Keona Health's right to terminate this Agreement upon written notice to Client.

5.3 Termination by Client. Client may terminate this Agreement prior to the expiration of the Term if Keona Health commits a material breach of this Agreement.

5.4 Termination for Convenience. Client may terminate this Agreement by providing written notice sixty (120) days before each anniversary of the subscription date.

5.5 Effect of Termination. Upon any termination of this Agreement, Client shall remain obligated to pay all amounts accrued (but not yet paid) through the date of termination. Client acknowledges that Keona Health may charge such unpaid amounts to Client's ACH auto debit or otherwise bill Client for such unpaid amounts. In addition, the following portions of this Agreement shall survive termination of this Agreement and continue in full force and effect: **Articles IV, VII, and VIII**; and **Sections 2.1(d), 2.1(e), 6.1(c), 6.2 and 6.3.**

5.6 Other Remedies. Termination of this Agreement, or any of the obligations hereunder, by either Party shall be in addition to any other legal or equitable remedies available to such Party, except to the extent that remedies are otherwise limited hereunder.

## ARTICLE VI WARRANTIES AND INDEMNIFICATION

### 6.1 Warranties; Representations; Covenants; and Remedies.

(a) *Keona Health General Warranties & Covenants.* Keona Health warrants and covenants that: (i) Keona Health has full right, title and authority to enter into this Agreement; (ii) Keona Health shall comply in all material respects with all federal and state laws and regulations applicable to it (including those applicable to privacy and data security) when providing the Service hereunder; and (iv) the Service shall perform in all material respects in accordance with the Documentation.

(b) *Client Warranties & Covenants.* Client warrants and covenants that: (i) Client has full right, title and authority to enter into this Agreement; (ii) Client shall comply with all applicable federal and state laws, rules and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, as amended by the Health Information Technology for Economic and Clinical Health Act, 42 U.S.C. § 17931, and all regulations promulgated thereunder, 45 C.F.R. Parts 160 through 164 (as modified from time to time, and collectively referred to herein with such Acts as "HIPAA") and any federal or state laws regarding telemedicine, the physician-patient relationship, e-prescribing, the use of online practices, and the practice of medicine across state lines; (iii) Client has entered into a business associate agreement with Keona Health, as required by HIPAA, in form and substance satisfactory to Keona Health, and shall comply with such business associate agreement; and (iv) Client shall immediately notify

Keona Health of any privacy or security breaches involving the Service, including any known unauthorized use of a user's account or password.

(c) *Disclaimer and Assumption.* Client assumes all responsibility for selecting the proper Content, including Clinical Content, necessary to achieve Client's specific goals and objectives. Neither Keona Health nor the authors, publisher or distributors of the Clinical Content warrant or guarantee the accuracy, safety, efficacy, or completeness of any of the Clinical Content. Client acknowledges that the Clinical Content, including any updates, should not be used unless it has been reviewed, amended as necessary and approved by a medical director or medical advisory panel responsible for overseeing its use by Client. The Clinical Content is not and cannot be perfect. Keona Health and the authors, publisher and distributors of the Clinical Content disclaim responsibility for any harmful consequence, loss, injury or damage associated with the use and application of information or advice contained in the Clinical Content. Client assumes full responsibility for acts or omissions arising out of the use or misuse of the Clinical Content and assumes all risks associated with using the Clinical Content. Use of the Clinical Content requires the intellect and judgment of the user. Therefore, the Clinical Content is most suitable for use by physicians and clinically experienced nurses, nurse practitioners, and physician assistants. All licensed health professionals should receive special training before using the Clinical Content. Non-licensed and non-health professionals (e.g., secretaries) should not use the Clinical Content. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.

## 6.2 Indemnification.

(a) *Indemnity by Keona Health.* Keona Health shall defend, indemnify and hold harmless Client from any liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, cost and expenses, (including reasonable attorneys' fees) ("Losses") awarded by a court of competent jurisdiction, or paid in accordance with a settlement agreement signed by Client, resulting from any act or omission of Keona Health or its agents, and or in connection with any third party claim (each, a "Claim") alleging that Client's use of the Service as permitted hereunder infringes upon any United States patent, copyright or trademark of such third party, or misappropriates the trade secret of such third party; provided that Client (x) promptly gives Keona Health written notice of the Claim; (y) gives Keona Health sole control of the defense and settlement of the Claim (provided that Keona Health may not settle any Claim unless the settlement unconditionally releases Client of all liability); and (z) provides to Keona Health all reasonable assistance, at Keona Health's expense. Notwithstanding the foregoing, Keona Health shall have no liability or obligation with respect to any Claim that is based upon or arises out of (i) the use of the Service in combination with any software or hardware not expressly authorized by Keona Health, (ii) any modifications or configurations made to the Service by Client, except for modifications or configurations made to the CareDesk tool by Client made with the prior written consent of Keona Health, and/or (iii) any action taken by Client relating to use of the Service that is not permitted under the terms of this Agreement. This **Section 6.2(a)** states Client's exclusive remedy against Keona Health for any Claim of infringement or misappropriation of a third party's intellectual property rights.

### (b) *Indemnity by Client.*

(i) Client shall defend, indemnify and hold harmless Keona Health from any Losses awarded by a court of competent jurisdiction, or paid in accordance with a settlement agreement signed by Keona Health, in connection with any Claim alleging that (u) Client's use of the Service in violation of this Agreement infringes upon any United States patent, copyright or trademark of

such third party, or misappropriates the trade secret of such third party, or (v) Client violated Section 2.1(c) of this Agreement or any applicable federal and/or state law, rule or regulation; provided that Keona Health (x) promptly gives Client written notice of the Claim; (y) gives Client sole control of the defense and settlement of the Claim (provided that Client may not settle any Claim unless the settlement unconditionally releases Keona Health of all liability); and (z) provides to Client all reasonable assistance, at Client's expense. This **Section 6.2(a)** states Keona Health's exclusive remedy against Client for any Claim of infringement or misappropriation of a third party's intellectual property rights.

(ii) Client shall defend, indemnify and hold harmless Keona Health and the authors, publisher and distributors of the Clinical Content from any Losses or Claim arising out of, from or related to any and all (u) advice, information, health reference information or materials, provided directly or indirectly by Client or a User as a result of the normal use and operation of the CareDesk tool or the Content (including Clinical Content); or (v) modifications to the CareDesk tool or the Clinical Content; provided that Keona Health (x) promptly gives Client written notice of the Loss or Claim; (y) gives Client sole control of the defense and settlement of the Claim (provided that Client may not settle any Claim unless the settlement unconditionally releases Keona Health, Health and the authors, publisher and distributors of the Clinical Content of all liability); and (z) provides to Client all reasonable assistance, at Client's expense.

6.3 Limitation of Liability. IN NO EVENT SHALL KEONA HEALTH, IN THE AGGREGATE, BE LIABLE FOR DAMAGES TO CLIENT IN EXCESS OF THREE TIMES (3X) THE AMOUNTS PAID BY CLIENT TO KEONA HEALTH PURSUANT TO THIS AGREEMENT DURING THE TWELVE MONTHS PRIOR TO THE LAST ACT OR OMISSION GIVING RISE TO THE LIABILITY. UNDER NO CIRCUMSTANCES SHALL KEONA HEALTH HAVE ANY LIABILITY WITH RESPECT TO ITS OBLIGATIONS UNDER THIS AGREEMENT OR OTHERWISE FOR LOSS OF PROFITS, OR CONSEQUENTIAL, EXEMPLARY, INCIDENTAL OR PUNITIVE DAMAGES, EVEN IF KEONA HEALTH HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OCCURRING, AND WHETHER SUCH LIABILITY IS BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHERWISE. FURTHER, IN NO EVENT SHALL KEONA HEALTH BE LIABLE FOR DAMAGES TO ANY PARTY ARISING FROM OR RELATED TO ANY VIOLATIONS OR BREACHES OF ANY OF CLIENT'S OBLIGATIONS, REPRESENTATIONS COVENANTS OR WARRANTIES HEREUNDER, INCLUDING BUT NOT LIMITED TO THOSE OUTLINED IN **SECTION 6.1(b)** OF THIS AGREEMENT. KEONA HEALTH'S LICENSORS SHALL HAVE NO LIABILITY UNDER THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, KEONA HEALTH'S LIABILITY FOR BREACH OF PRIVACY OR SECURITY OBLIGATIONS, BUSINESS ASSOCIATE AGREEMENT OBLIGATIONS, OR VIOLATIONS OF CLIENT'S INTELLECTUAL PROPERTY RIGHTS SHALL NOT EXCEED THE LIMITS OF KEONA HEALTH'S APPLICABLE PROFESSIONAL LIABILITY AND/OR CYBER LIABILITY INSURANCE COVERAGE, WHICH SHALL BE MAINTAINED AT A MINIMUM OF ONE MILLION DOLLARS (\$1,000,000) PER OCCURRENCE.

CLIENT AGREES THAT THE SERVICE IS A CONTENT PRESENTATION TOOL ONLY, AND THAT THE SERVICE IS NOT INTENDED TO PROVIDE DIAGNOSES, PRACTICE GUIDELINES, ADVICE, OR PROTOCOLS FOR DELIVERING MEDICAL CARE. CLIENT FURTHER AGREES THAT NOTHING IN THE SERVICE OR ANYTHING ELSE PROVIDED PURSUANT TO THIS AGREEMENT CONSTITUTES OR IS INTENDED TO BE MEDICAL ADVICE OR A SUBSTITUTE FOR MEDICAL KNOWLEDGE OR JUDGEMENT. CLIENT FURTHER AGREES THAT IT SHALL BE SOLELY RESPONSIBLE TO ENSURE THAT THE DOCUMENTATION OF MEDICAL CARE PROVIDED BY IT, ITS USERS AND/OR THEIR RESPECTIVE EMPLOYEES, AGENTS, THIRD PARTY CONTRACTORS, AND SUPPLIERS IS

ACCURATE AND THAT ALL BILLING INFORMATION DELIVERED BY CLIENT TO ANY INSURANCE COMPANY, GOVERNMENTAL AGENCY, OR OTHER PAYOR SHALL BE ACCURATE AND COMPLETE. NEITHER KEONA HEALTH NOR ITS VENDORS SHALL HAVE ANY RESPONSIBILITY AS A RESULT OF THIS AGREEMENT FOR DECISIONS MADE OR ACTIONS TAKEN OR NOT TAKEN IN RENDERING MEDICAL CARE OR FOR INFORMATION PROVIDED TO ANY INSURANCE COMPANY, GOVERNMENTAL AGENCY, OR OTHER PAYOR.6.4 Insurance. Keona Health may be required to provide proof of insurance for one or more of the following types of insurance coverages as determined by Client:

(a) 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.

(b) Commercial General Liability Insurance in the minimum amounts indicated below or such additional amounts as may be determined by the Client Risk Manager, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of any Agreement with Client ), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Keona Health '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.

(c) Professional Liability (Errors and Omissions) Insurance for liability arising out of, or in connection with the performance of all required services under this Agreement, with coverage equal to the policy limits, which shall not be less than one million dollars (\$1,000,000).

The Commercial General Liability Insurance shall include an endorsement naming Client and Client 's board members, officials, officers, agents and employees as additional insureds. All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum rating of A-; VII. All insurance provided by Keona Health hereunder shall be primary to and not contributing to any other insurance maintained by Client for any claims arising out of Keona Health's, or its agents, acts or omissions.

## **ARTICLE VII CONFIDENTIALITY**

### 7.1 Confidentiality.

(a) *Defining Confidential Information.* As used herein, "Confidential Information" means all confidential information disclosed by a party (the "Disclosing Party") to the other party (the "Receiving Party"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure. For avoidance of doubt, Client's Confidential Information shall include the Data, Keona Health's Confidential Information shall include the Service, and the Confidential Information of each Party shall include the terms and conditions of this Agreement and all Schedules and Order Forms, as well as business and marketing plans, technology and technical information, product plans and designs, and business processes disclosed by such Party. Notwithstanding the foregoing, Confidential Information (other than Client's Data) shall not include any information that (i) is or becomes generally known to the public without breach of any obligation owed to the Disclosing Party, (ii) was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party, (iii) is received from a third party without breach of any obligation owed to the Disclosing Party, (iv) was independently developed by the Receiving Party, or (v) information required to be disclosed by law or legal process.

(b) *Protection of Confidential Information.* The Receiving Party agrees that it shall (i) hold the Disclosing Party's Confidential Information in strict confidence and will use the same degree of care in protecting the confidentiality of the Disclosing Party's Confidential Information that it uses to protect its own Confidential Information, but in no event less than reasonable care, (ii) not use the Confidential Information of the Disclosing Party for any purpose not permitted by this Agreement; (iii) not copy any part of the Disclosing Party's Confidential Information except as expressly permitted by this Agreement, (iv) limit access to the Confidential Information of the Disclosing Party to those of its employees, contractors and agents who need such access for purposes consistent with this Agreement and who have signed confidentiality agreements with the Receiving Party containing protections no less stringent than those herein.

(c) *Compelled Disclosure.* The Receiving Party may disclose Confidential Information of the Disclosing Party if it is compelled by law to do so, provided the Receiving Party gives the Disclosing Party prior notice of such compelled disclosure (to the extent legally permitted) and reasonable assistance, at the Disclosing Party's cost, if the Disclosing Party wishes to contest the disclosure. If the Receiving Party is compelled by law to disclose the Disclosing Party's Confidential Information as part of a civil proceeding, and Disclosing Party caused civil proceedings to be initiated and or objected to or delayed disclosure, Disclosing Party shall reimburse Receiving Party of any costs, attorney fees, or penalties owed as a result of any civil proceeding. Keona Health acknowledges that Client is a public entity organized under the laws of the state of California, nothing herein shall prevent Client from complying with any duty to disclose under the law or legal process.

## **ARTICLE VIII MISCELLANEOUS**

8.1 Non-Solicitation. During the Term and for a period of one year after the date on which this Agreement is terminated, Client agrees not to retain, hire, solicit for employment or consulting work or initiate employment or consulting discussions with any individual who is or, during the two years preceding any such solicitation or employment by Client, was employed by Keona Health.

8.2 Relationship of the Parties. Keona Health is performing pursuant to this Agreement only as an independent contractor. Keona Health has the sole obligation to supervise, manage, contract, direct, procure, perform or cause to be performed its obligations set forth in this Agreement, except as otherwise agreed upon by the Parties. Nothing set forth in this Agreement shall be construed to create the relationship of principal and agent between Keona Health and Client. Keona Health shall not act or attempt to act or represent itself, directly or by implication, as an agent of Client or its affiliates or in any manner assume or create, or attempt to assume or create, any obligation on behalf of, or in the name of, Client or its affiliates.

8.3 Waiver. No failure or delay by either Party in enforcing any of its rights under this Agreement shall be construed as a waiver of the right to subsequently enforce any of its rights, whether relating to the same or a subsequent matter.

8.4 Assignment. Client shall have no right to transfer, assign or sublicense this Agreement or any of its rights, interests or obligations under this Agreement to any third party and any attempt to do so shall be null and void. Keona Health shall have the full ability to transfer, assign or sublicense this Agreement or any of its rights, interests or obligations under this Agreement.

8.5 Force Majeure. Subject to the limitations set forth below and except with respect to any payment obligations of Client, neither Party shall be held responsible for any delay or default, including any damages arising therefrom, due to any act of God, act of governmental entity or military authority, explosion, epidemic casualty, flood, riot or civil disturbance, war, sabotage, unavailability of or interruption or delay in telecommunications or third party services, failure of third party software, insurrections, any

general slowdown or inoperability of the Internet (whether from a virus or other cause), or any other similar event that is beyond the reasonable control of such Party (each, a “Force Majeure Event”). The occurrence of a Force Majeure Event shall not excuse the performance by a Party unless that Party promptly notifies the other Party of the Force Majeure Event and promptly uses its best efforts to provide substitute performance or otherwise mitigate the force majeure condition.

8.6 Notices. Any notice, request, demand, consent, approval or other communication given pursuant to this Agreement (hereinafter “Notice”) shall be in writing and shall be sent by (a) personal delivery, (b) recognized commercial overnight courier, (c) telephone facsimile transmission or (d) registered or certified mail, return receipt requested, with postage and fees prepaid addressed to the Parties at their respective addresses as follows.

Client: Kern County Hospital Authority  
1700 Mount Vernon Avenue  
Bakersfield, CA 93306  
Attn: Administration  
Facsimile: 661-326-2100

Keona Health: Keona Health, Inc.  
510 Meadowmont Village Circle  
Suite 250  
Chapel Hill, NC 27517  
Attn: Stephen Dean, COO  
Facsimile: (919) 246-8521

8.7 Interpretation of Agreement. The Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties, and shall not affect in any way the meaning or interpretation of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

8.8 Reputable Hosting Provider. During the Term Keona Health may provide the Service using hosting services provided by Microsoft Corporation (“Microsoft”) or such other hosting provider that implements and maintains commercially reasonable security programs, policies, procedures, controls and technologies (“Hosting Provider”). Client hereby consents to Keona Health using such Hosting Provider to provide the hosting of the Service and acknowledges and agrees that: (a) Hosting Provider’s security programs, policies, procedures, controls, technologies, data backup and disaster recovery policies and procedures (for more information on Microsoft’s related policies, see <https://azure.microsoft.com/en-us/overview/trusted-cloud/>), are consistent with industry best practices thereby resulting in compliance with the requirements of this Agreement; (b) the hosting of the Service is subject to, and Client and its Users will comply with, the Hosting Provider’s terms of service (Microsoft’s terms of service are set forth at <https://azure.microsoft.com/en-us/support/legal/subscription-agreement-nov-2014/>); and (c) in no event will Keona Health have any liability under this Agreement for such hosting in excess of the liability of Hosting Provider in its terms of service.

8.9 Severability. The invalidity of any portion of this Agreement shall not invalidate any other portion of this Agreement and, except for such invalid portion, this Agreement shall remain in full force and effect.

8.10 Governing Law. . New York

8.11 Open Source Software. The Service may include individual open source software components, each of which has its own copyright and its own applicable license conditions, and the open source software is licensed under the terms of the applicable open source license conditions and/or copyright notices that can be found in the materials accompanying the Service and not this Agreement.

8.12 Entire Agreement. This Agreement, together with the Schedules attached hereto and incorporated herein and any Order Forms submitted by Client to Keona Health pursuant hereto, embodies the entire agreement and understanding of the Parties with respect of the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby. This Agreement may be amended, modified or supplemented only by written agreement of all of the Parties hereto.

8.13 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic format (*e.g.*, “pdf” or “tif” file format) shall be effective as delivery of a manually executed counterpart of this Agreement.

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

8.15 Non-collusion Covenant. Keona Health 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 Client. Client has received no incentive or special payments, nor considerations, not related to the provision of services under this Agreement from Client.

8.16 Access to Books and Records. Until the expiration of four (4) years after the expiration or termination of this Agreement, Keona Health 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 Keona Health provided under this Agreement. Keona Health further agrees that if it carries out any of its duties under this Agreement through a subcontract with a value or cost of ten thousand dollars (\$10,000) or more over a twelve (12) month period with a related organization, that such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

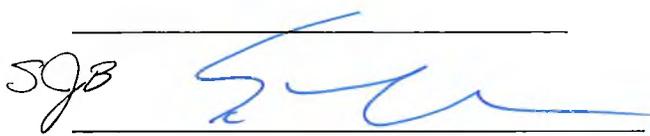
8.17 Audits, Inspection and Retention of Records. Keona Health agrees to maintain and make available to Client, accurate books and records relative to Keona Health’s provision of Services under this Agreement. Keona Health shall permit Client to audit, examine and make excerpts and transcripts from such records, and to conduct audits or reviews of all invoices, materials, records or personnel or other data related to all other matters covered by this Agreement upon thirty (30) days’ prior written notice, during normal business hours, no more than once per calendar year (except in the event of suspected fraud or material breach). Keona Health shall maintain such data and records in an accessible location and condition for a period of not less than four (4) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. Audits shall be subject to reasonable confidentiality protections. Client shall bear its own costs of conducting such audits unless the audit reveals a billing

discrepancy of more than five percent (5%) in Client's favor, in which case Keona Health shall reimburse Client's reasonable audit costs. The state of California or any federal agency having a direct regulatory interest in the subject of this Agreement shall have the same rights conferred upon Client herein subject to the same limitations.

8.18 Health Insurance Portability and Accountability Act-HITECH. Keona Health understands that Client is a Covered Entity that provides medical and mental health services and that I have no authorization to obtain access to any Protected Health Information ("PHI") in any form. If, in the course of my services, I see or hear 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 Client. The privacy and confidentiality of Client's patients are protected by Client policies and procedures, state laws and regulations and Federal HIPAA Regulations. If appropriate Keona Health agrees to execute a business associate agreement with Client to supplement this Agreement if requested, subject to the Parties' agreement upon terms and conditions of the business associate agreement.

8.19 Disqualified Persons. Keona Health 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 Client), (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. Keona Health 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"), Keona Health shall immediately notify Client and such individual shall be immediately removed by Keona Health from any functions involving (i) the claims development and submission process, and (ii) any healthcare provider contact related to Client patients; provided, however, that if Keona Health is directly involved in the Enforcement Action, any agreement between Client and Keona Health shall terminate immediately.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the 0 first above written.



Authorized Signature

Scott Thygerson  
Name (type or print)

Chief Executive Officer  
Title

KEONA HEALTH, INC.



Authorized Signature

Oakkar Oakkar  
Name (type or print)

CEO  
Title

**SCHEDULE A**  
**PER AGENT RATE**

Per Agent Rate. The Per Agent Rate for the Initial Term will be \$250 per non-clinical Agent per month and \$250 per clinical Agent per month.

The total number of non-clinical Agents starting in 2026 is eight (8) and the total number of clinical Agents starting in 2026 is ten (10).

<b>Product</b>	<b>User Type</b>	<b>Qty</b>	<b>Unit Price</b>	<b>Monthly Rate</b>
<b>Keona Care Desk Platform</b>	Clinical (Nurse Triage with STCC office-hour + after-hour guidelines)	10	\$250	\$2,000
	Non-Clinical (Keona's CareDesk CRM features)	8	\$250	\$2,500
<b>Annual Total</b>				\$54,000
<b>Implementation Fees</b>				<b>\$20,000</b>

**Payment Terms:**

The payment of \$74,000 is due on the Effective Date.

Notwithstanding the foregoing, unless otherwise notified in writing by Keona Health, the Per Agent Rate and Maintenance Fees shall increase by three percent (3%) on each successive anniversary of the Effective Date.

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**SCHEDULE B**  
**PROFESSIONAL SERVICES**

**Standard Service Fees** are \$200/hr

**Standard training** involves providing the following:  
 Comprehensive training videos  
 Step-by-step guides  
 Samples from other clients  
 Generic instruction guides that can be customized.

It also includes 4 hours of personal training from one of Keona Health’s experts. The client can choose any combination of the following types of training:

<b>Training Title</b>	<b>Description</b>	<b>Training Materials</b>
CareDesk Admin (except workflows)	Training on pieces required to set up the organization, including scheduling.	Comprehensive admin training video. Step-by-step guides
CareFlow Designer	<ul style="list-style-type: none"> <li>• Training in CareFlow Designer.</li> <li>• Step through sample workflows in Flow Designer.</li> <li>• Provide samples of multiple relevant workflows.</li> <li>• Discuss specific workflow questions and their potential structure.</li> </ul>	Demo videos, workflow samples (outline, diagram), links to other clients’ PSS sites, new client’s UAT site
Shadowing Session	<p>30-min to an hour of meetings with member(s) on the client’s team that are assigned to set up scheduling</p> <p>Go over specific admin pieces, use cases, workflow nuances, other questions that client has</p>	N/A Shadow sessions involve Zoom meeting covering ad hoc use cases.
Train-the-Trainer	1-hour training on navigating CareDesk from an end-user's perspective	Training Slide Deck, generic guides (can be provided to client for them to customize)

**SCHEDULE C**  
**SUPPORT SERVICES**

**SCHEDULE D**  
**CLIENT SYSTEMS**

EHR: Integrate CareDesk with your Oracle Cerner EHR to create encounters directly in Keona Health, search Athena One for patient demographics and health data, and save documentation to patient's case.

## BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“**BAA**”) is entered into by and between the Kern County Hospital Authority on behalf of Kern Medical Center (“**Covered Entity**”) and VENDOR (“**Business Associate**”) (each a “**Party**” and collectively the “**Parties**”), effective as of February 3, 2026 (the “**Effective Date**”).

### RECITALS

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

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

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

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

### AGREEMENT

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

#### ARTICLE I DEFINITIONS

- 1.1 “**Breach**” shall have the meaning given under 45 C.F.R. § 164.402.
- 1.2 “**Breach Notification Rule**” shall mean the Breach Notification for Unsecured Protected Health Information interim final rule at 45 C.F.R. Parts 160 and 164, Subpart D, as may be amended from time to time.
- 1.3 “**Designated Record Set**” shall have the meaning given such term under 45 C.F.R. § 164.501.

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II OBLIGATIONS OF BUSINESS ASSOCIATE

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

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

2.3 Reporting Non-Permitted Use or Disclosure.

2.3.1 Reporting Security Incidents and Non-Permitted Use or Disclosure. Business Associate shall report to Covered Entity in writing each Security Incident or Use or Disclosure that is made by Business Associate, members of its Workforce, or SubContractors that is not specifically permitted by this BAA no later than twenty-four (24) hours after becoming aware of such Security Incident or non-permitted Use or Disclosure, in accordance with the notice provisions set forth herein. Notwithstanding the foregoing, Business Associate and Covered Entity acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and Covered Entity acknowledges and agrees that no additional notification to Covered Entity of such ineffective Security Incidents is required, as long as no such incident results in unauthorized access, Use or Disclosure of PHI. Business Associate shall investigate each Security Incident or non-permitted Use or Disclosure of Covered Entity's PHI that it discovers to determine whether such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI and shall provide a summary of its investigation and risk assessment to Covered Entity. Business Associate shall document and retain records of its investigation of any suspected Breach, including its reports to Covered Entity under this Section 2.3.1. Business Associate shall take prompt corrective action and any action required by applicable state or federal laws and regulations relating to such Security Incident or non-permitted disclosure. If Business Associate or Covered Entity, in its review of this initial report, determines that such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI, then Business Associate shall comply with the additional requirements of Section 2.3.2 below.

2.3.2 Breach of Unsecured PHI. If Business Associate or Covered Entity determines that a reportable Breach of Unsecured PHI has occurred, Business Associate shall provide a written report to Covered Entity without unreasonable delay but no later than five (5) calendar days after discovery of the Breach. To the extent that information is available to Business Associate, Business Associate's written report to Covered Entity shall be in accordance with 45 C.F.R. §164.410(c). Business Associate shall cooperate with Covered Entity in meeting Covered Entity's obligations under the HIPAA Rules with respect to such Breach. Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected individual(s), the Secretary and, if applicable, the media. To the extent that a Breach is caused by Business Associate's breach of its obligations under this BAA, Business Associate's liability for such Breach, including any costs of notification and remediation, shall be subject to the limitation of liability set forth in Section 6.3 of the Master Subscription Agreement between the Parties.

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

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

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

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

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

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

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

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

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

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

### **ARTICLE III OBLIGATIONS OF COVERED ENTITY**

3.1 Covered Entity's Obligations.

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

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

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

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

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

#### **ARTICLE IV TERM AND TERMINATION**

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

4.2 Termination of Underlying Agreement.

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

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

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

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

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

4.4 Disposition of Protected Health Information Upon Termination or Expiration.

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

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

## **ARTICLE V MISCELLANEOUS**

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

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

5.3 Relationship to Underlying Agreement Provisions. In the event that a provision of this BAA is contrary to a provision of an Underlying Agreement, the provision of this BAA shall control.

Otherwise, this BAA shall be construed under, and in accordance with, the terms of such Underlying Agreement, and shall be considered an amendment of and supplement to such Underlying Agreement.

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

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

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

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

5.8 Indemnification. Subject to the limitations of liability set forth in Section 6.3 of the Underlying Agreement, Business Associate hereby agrees to indemnify and hold harmless Covered Entity and its respective officers, directors, managers, members, employees and agents from and against any and all third-party losses, damages, fines, penalties, claims or causes of action and associated expenses (including, without limitation, costs of judgments, settlements, court costs and reasonable attorney's fees) resulting from Business Associate's (including its employees, directors, officers, agents, or other members of its Workforce, and its SubContractors) breach of PHI or violation of the terms of this BAA, including but not limited to failure of Business Associate to perform its obligations under this BAA, or to comply with HIPAA or applicable state privacy or security law; provided that Covered Entity (i) provides Business Associate written notice of the claim within a reasonable period of time; (ii) gives Business Associate sole control of the defense and settlement of the claim (provided that Business Associate may not settle any claim unless the settlement unconditionally releases Covered Entity of all liability); and (iii) provides to Business Associate all reasonable assistance, at Business Associate's expense. This indemnification obligation shall not apply to claims arising from Covered Entity's breach

of its obligations under this BAA or the Underlying Agreement, or from Covered Entity's negligence or willful misconduct.

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

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

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

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

Covered Entity's Notice Address:

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

Business Associate's Notice Address:

VENDOR  
ADDRESS  
Attn:

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

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

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

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

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

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

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

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

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

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

**COVERED ENTITY:**

The Kern County Hospital Authority on behalf of Kern Medical Center

  
\_\_\_\_\_  
Title: Chief Executive Officer  
Date: 2/3/2026

**BUSINESS ASSOCIATE:**

VENDOR

  
\_\_\_\_\_  
Title: CEO  
Date: 02/02/2026





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

February 18, 2026

**Subject:** Kern County Hospital Authority Chief Financial Officer Report – December 2025

**Recommended Action:** Receive and File

**Summary:**

**Kern Medical Operations:**

Kern Medical key performance indicators:

- Operating gain of \$2,446,117 for December is \$2,232,740 more than the December budget of 213,377 and \$1,999,112 more than the \$447,005 average over the last three months
- EBIDA of \$4,083,906 for December is \$2,221,706 more than the December budget of \$1,862,200 and \$2,022,198 more than the \$2,061,708 average over the last three months
- Average Daily Census of 173 for December is 2 more than the December budget of 171 and 11 more than the 162 average over the last three months
- Admissions of 874 for December are 13 more than the December budget of 861 and 19 more than the 855 average over the last three months
- Total Surgeries of 537 for December are 7 less than the December budget of 544 and 1 more than the 536 average over the last three months
- Clinic Visits of 20,787 for December are 9 more than the December budget of 20,778 and 1,231 less than the 22,018 average over the last three months

**The following items have budget variances for the month of December 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 1% over budget for the month and 4% under budget on a year-to-date basis.

**Benefits Expense:**

Benefits expense is 0.3% under budget for the month and 5% under budget on a year-to-date basis.

**Nurse Registry Expense:**

Nurse registry expense is 16% 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 16% over budget for the month and 23% 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 10% over budget for the month and 5% 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 0.9% under budget for the month and 0.1% 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 0.6% over budget for the month and 6% over budget on a year-to-date basis due to higher-than-expected software maintenance costs and ambulance fees.

**Other Expenses:**

Other expenses are 3% over budget for the month and 2% over budget on a year-to-date basis due to 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:**

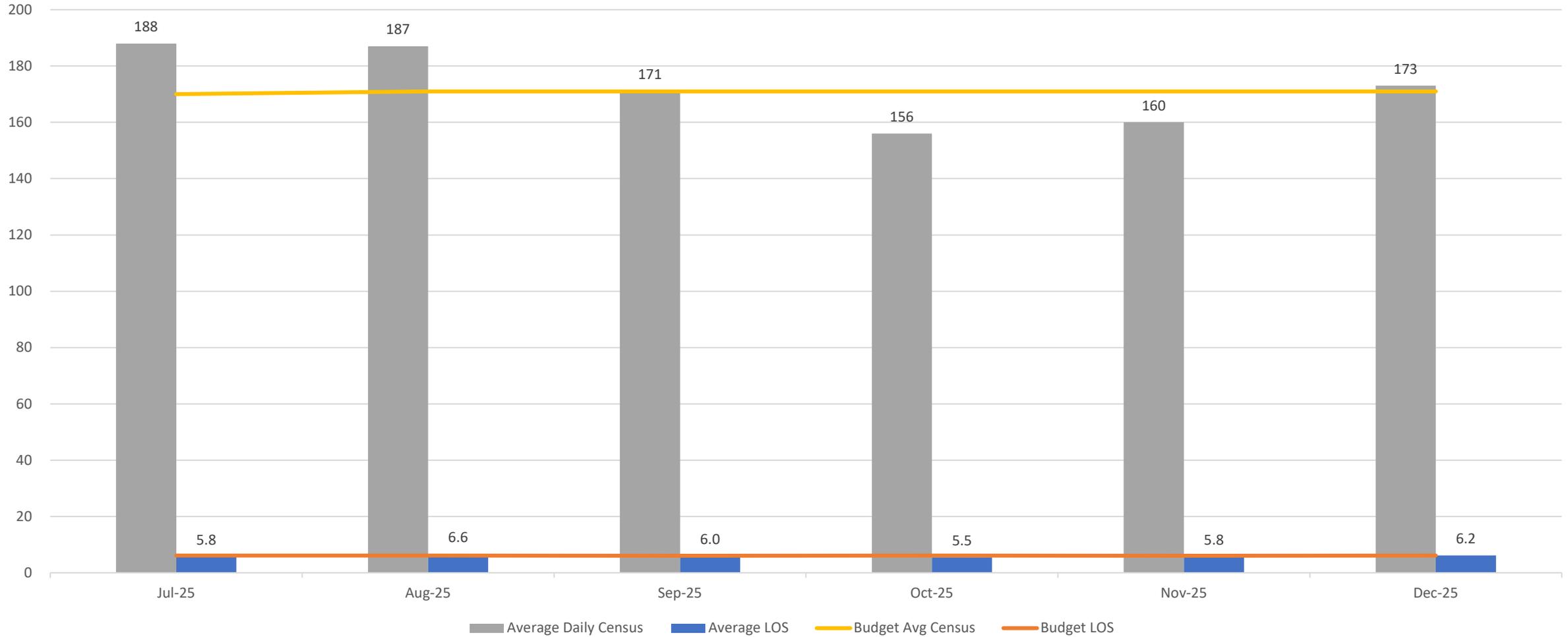
Depreciation expense is over budget for the month and on a year-to-date basis due to various equipment put in service during FY 2026. Amortization is under budget for the month and on a year-to-date basis due to less than average amortization expense for right-of-use (ROU) capital leases and less than 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.



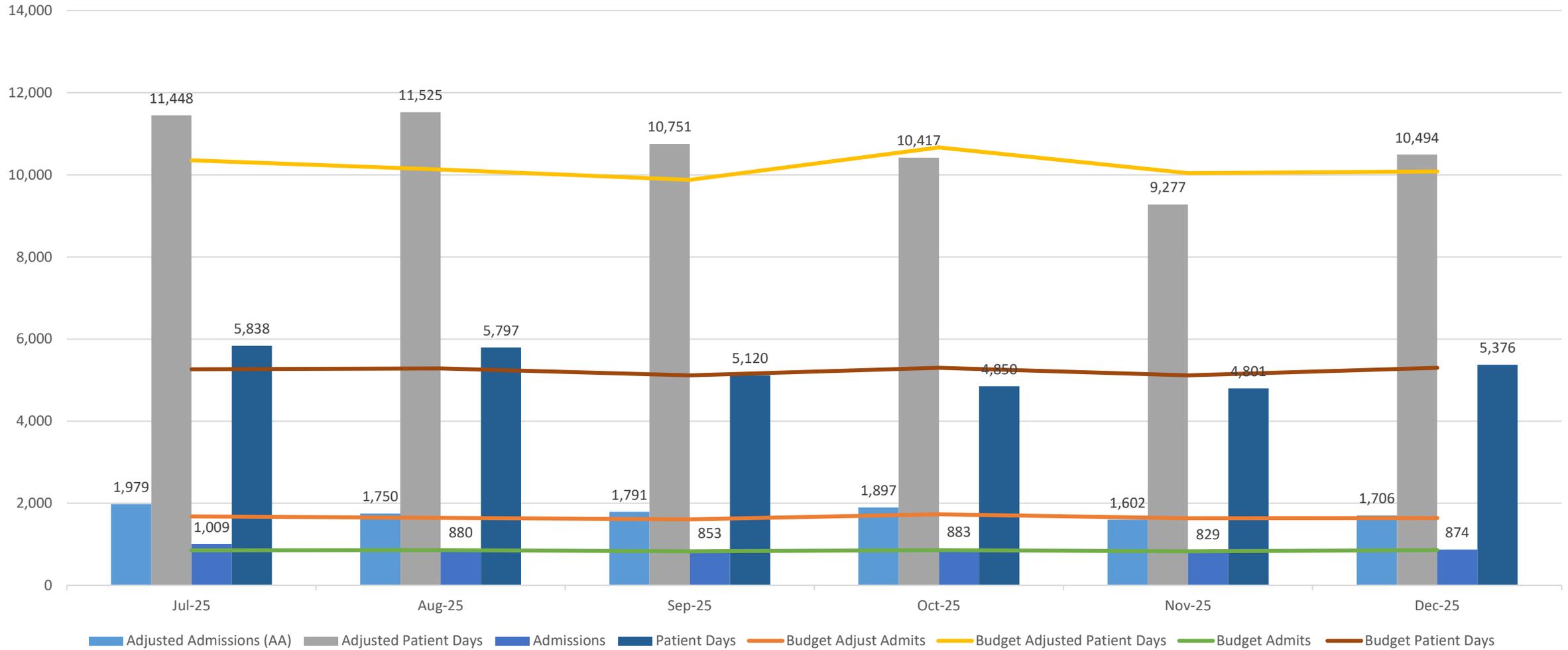
## **Board of Governors' Report**

Kern Medical – December 2025

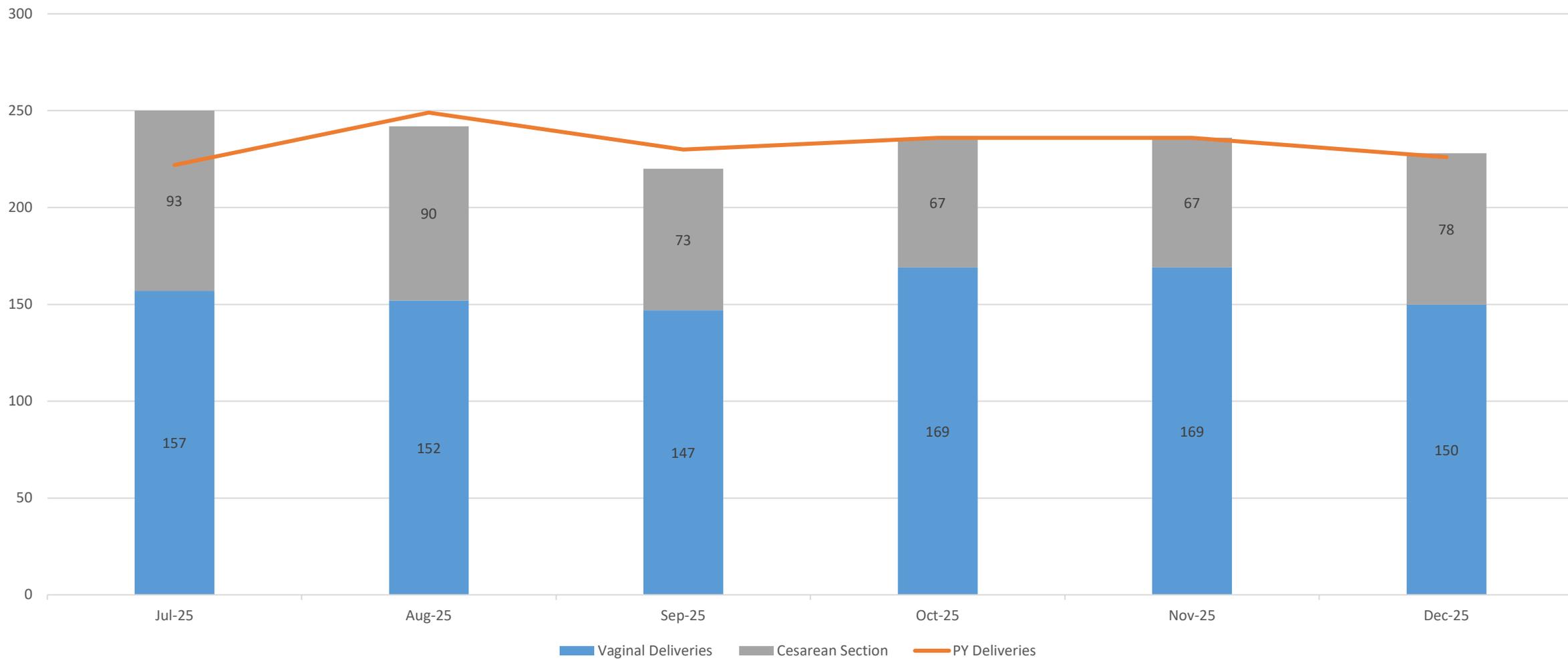
# Census & ALOS



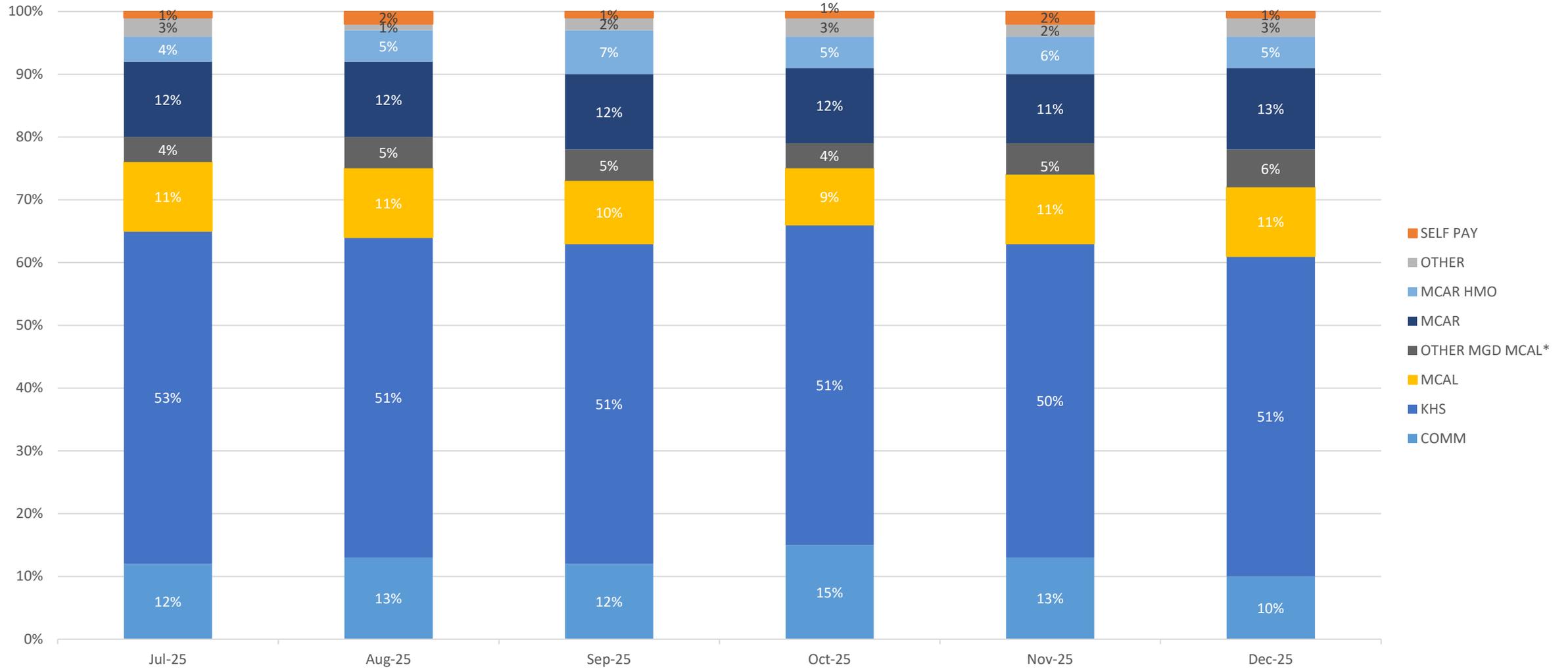
## Hospital Volumes



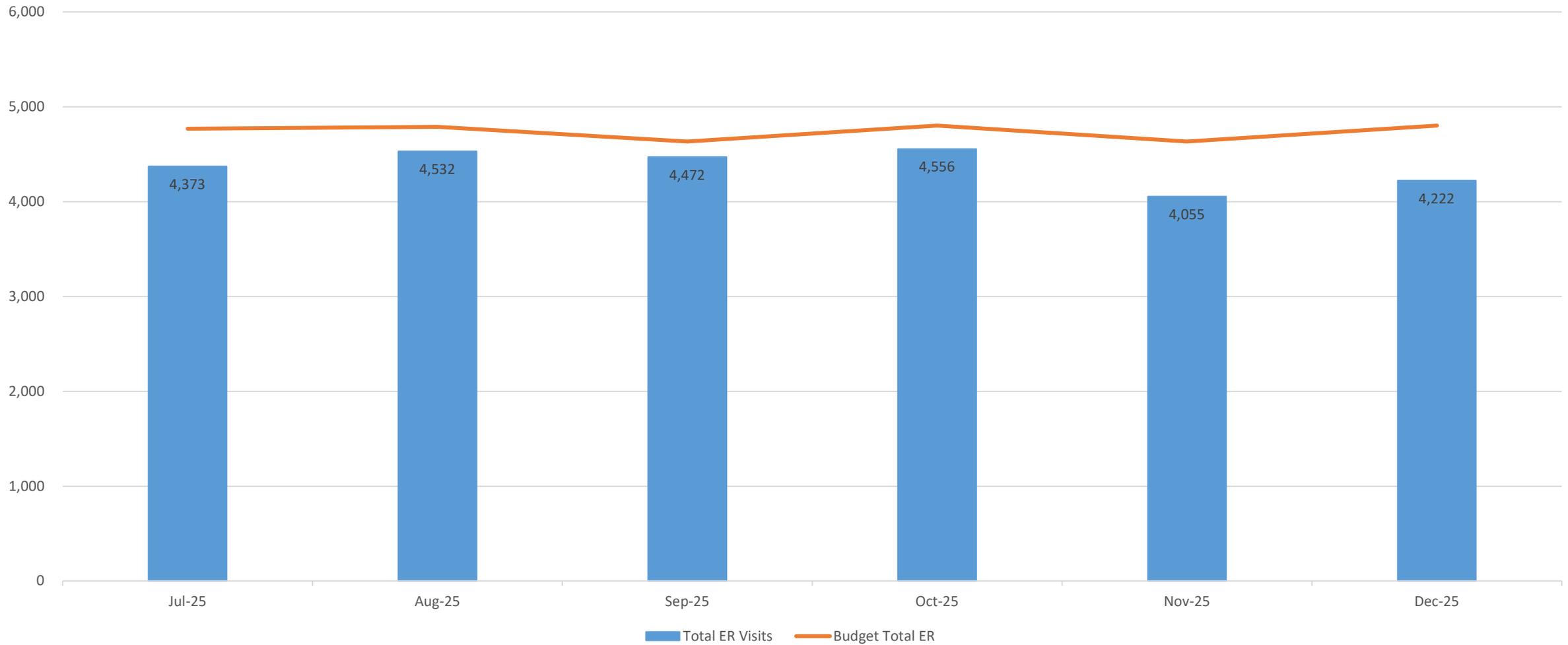
# Deliveries



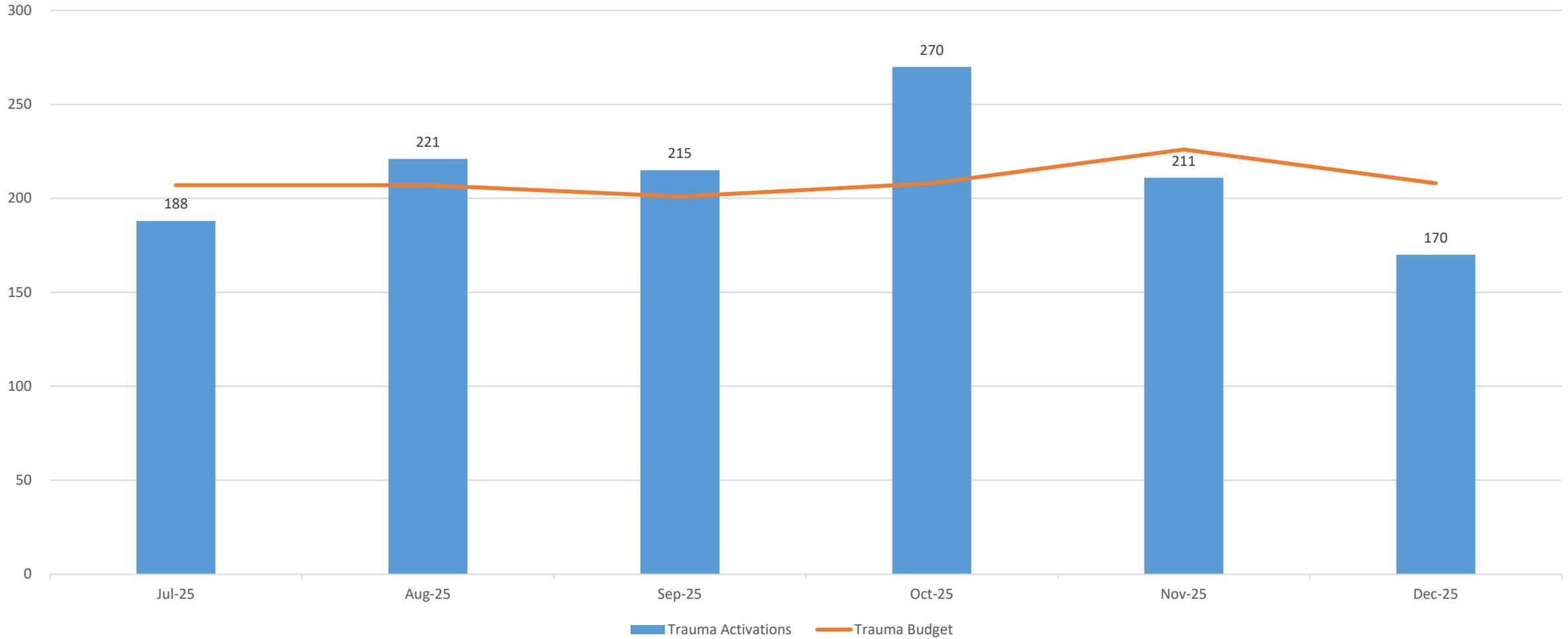
### PAYER MIX



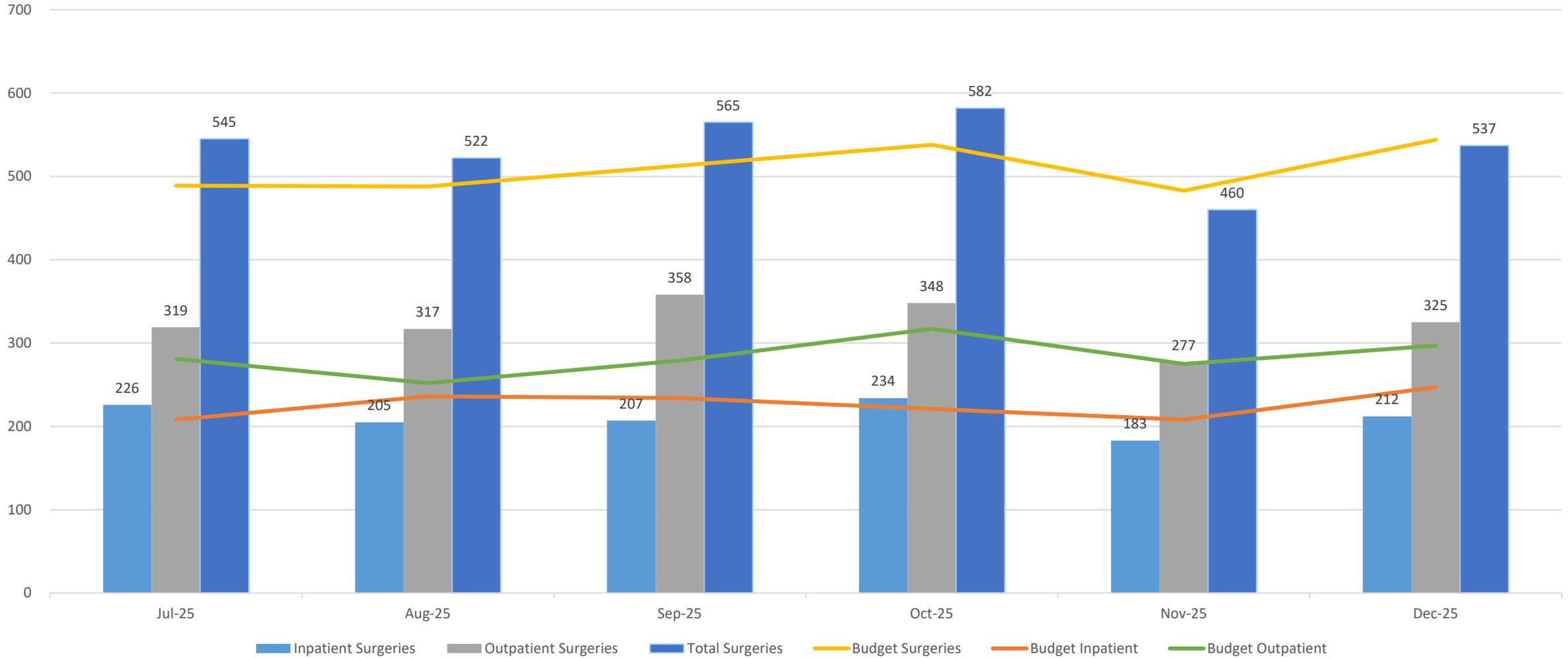
## Emergency Room Volume



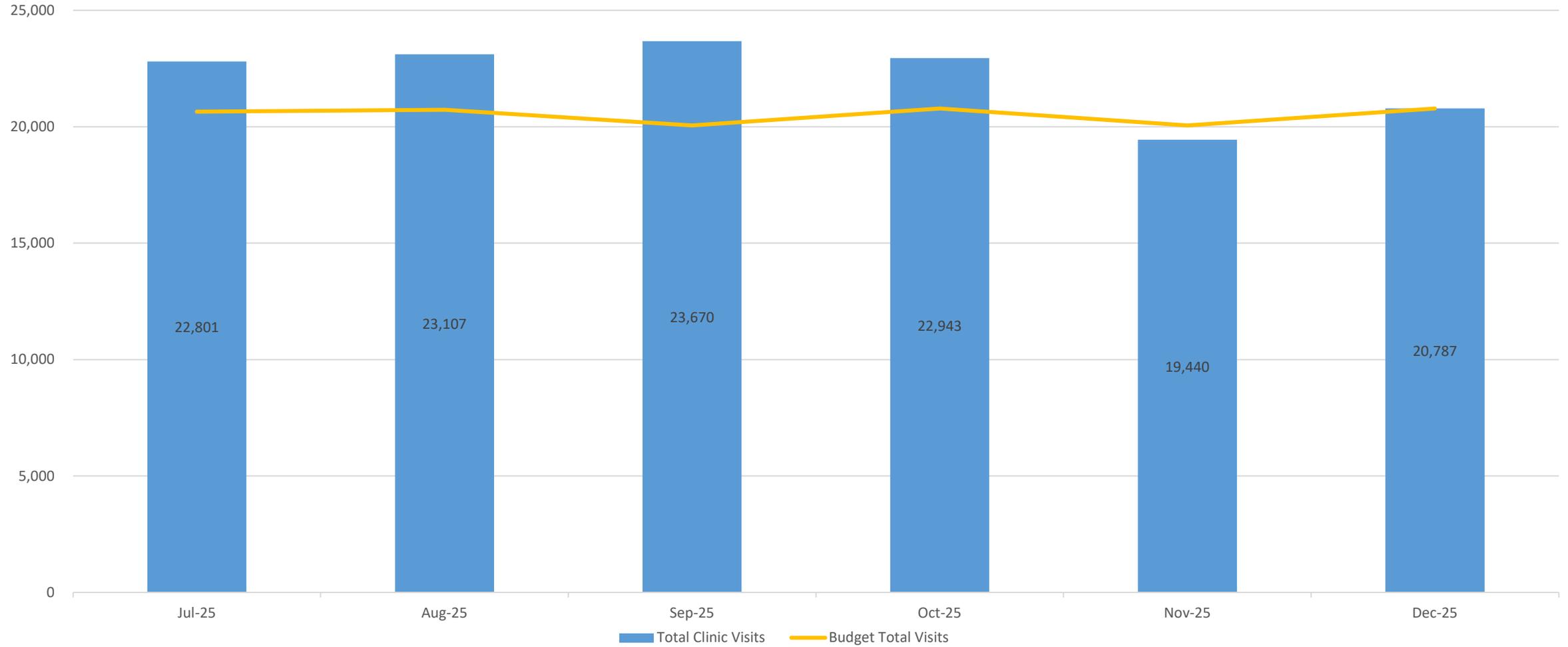
### Trauma Activations



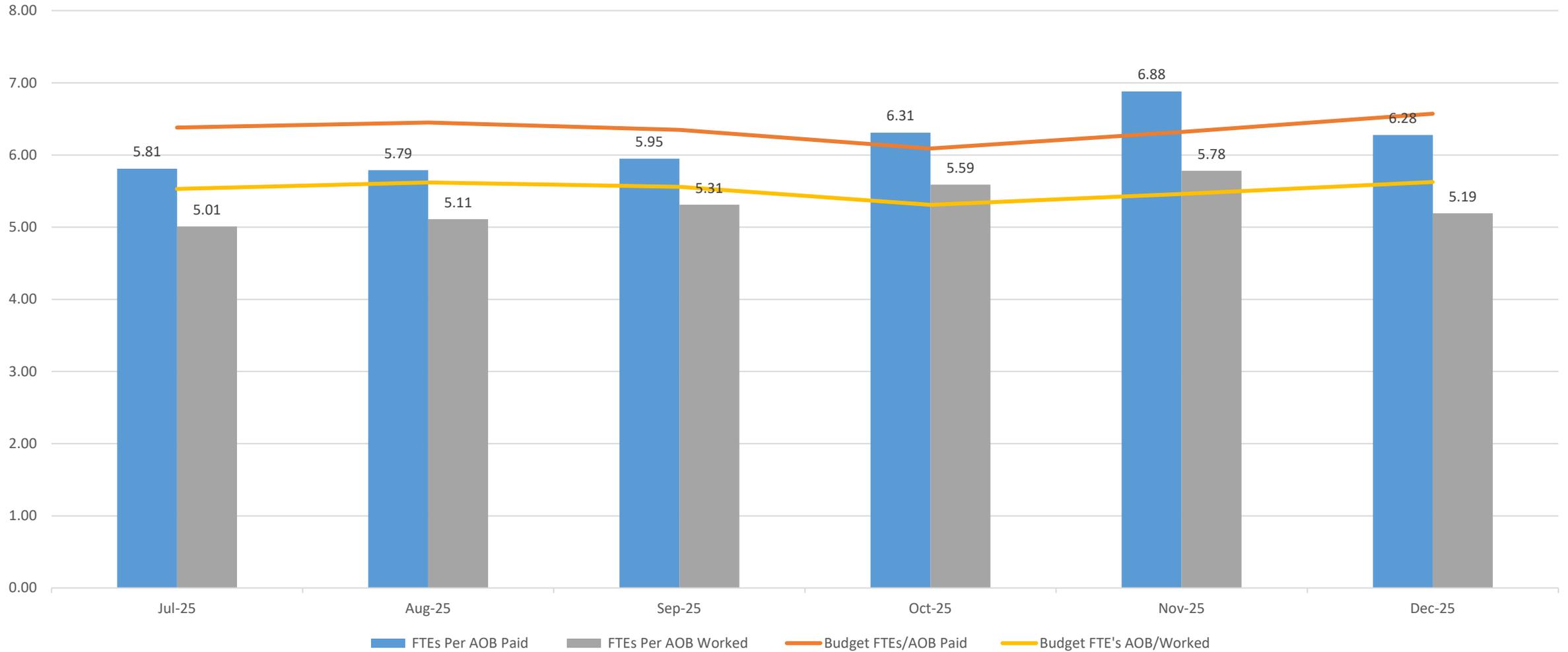
## Surgical Volume



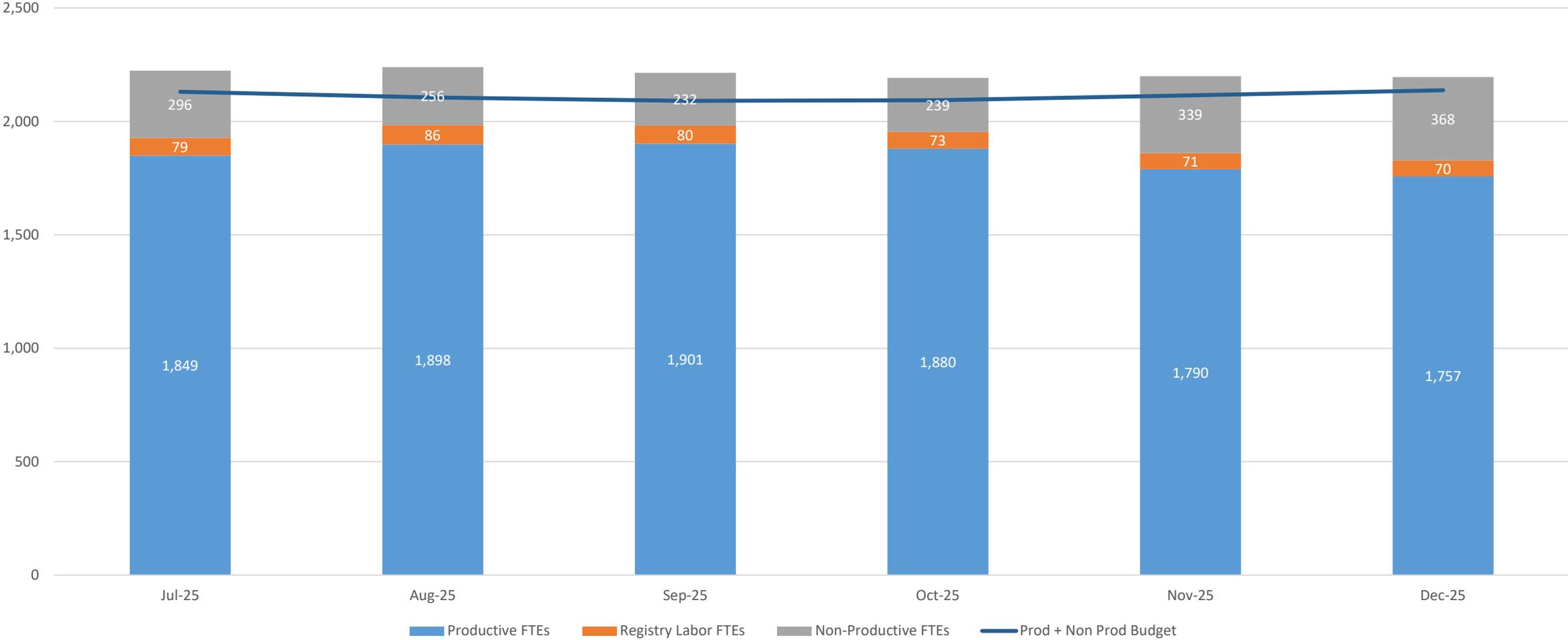
## Clinic Visits

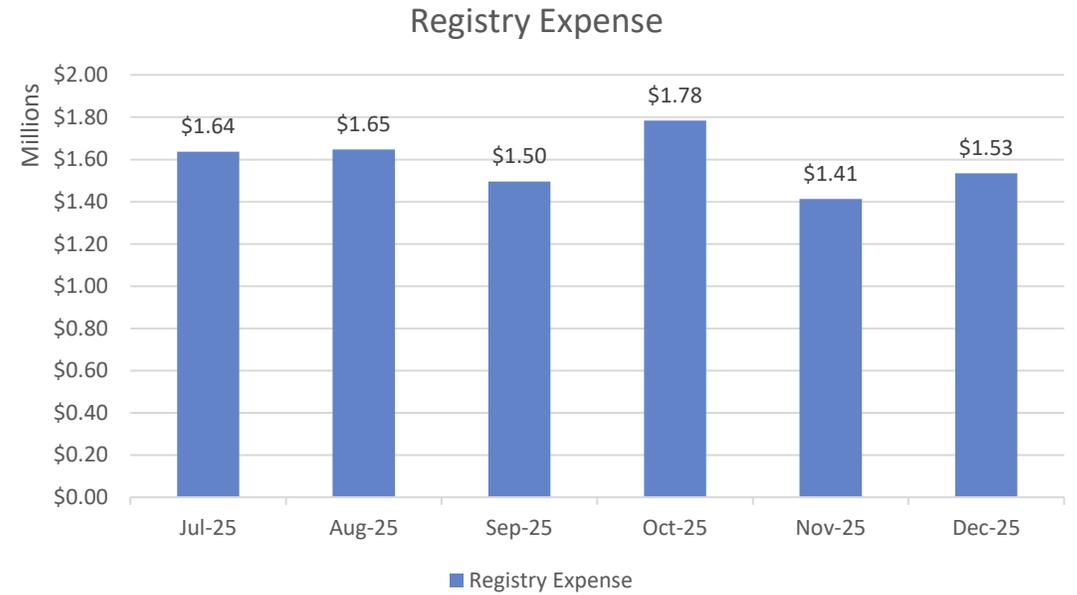
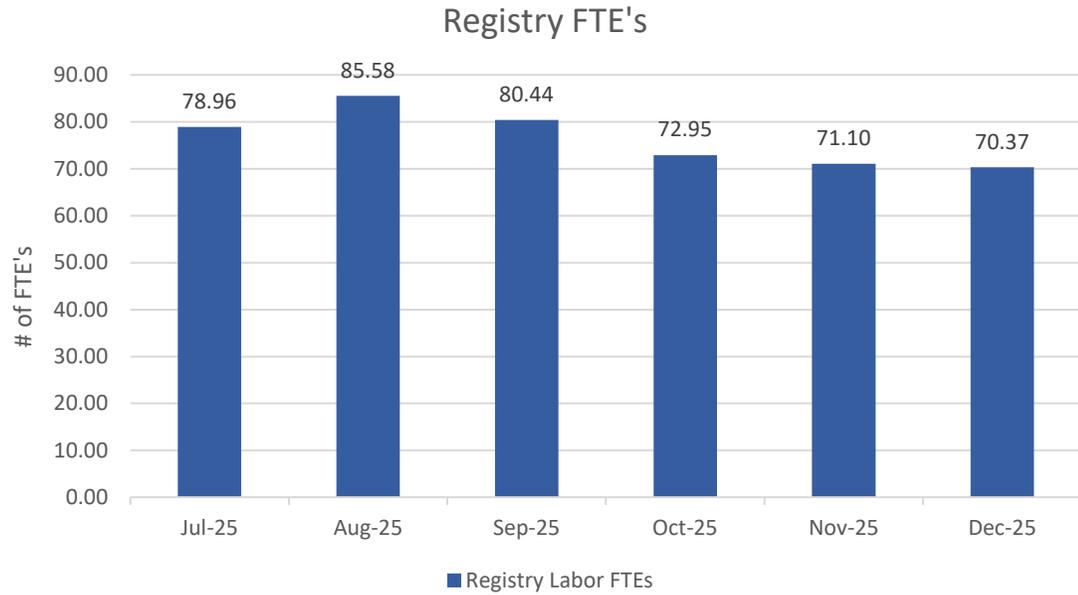


## Labor Metrics

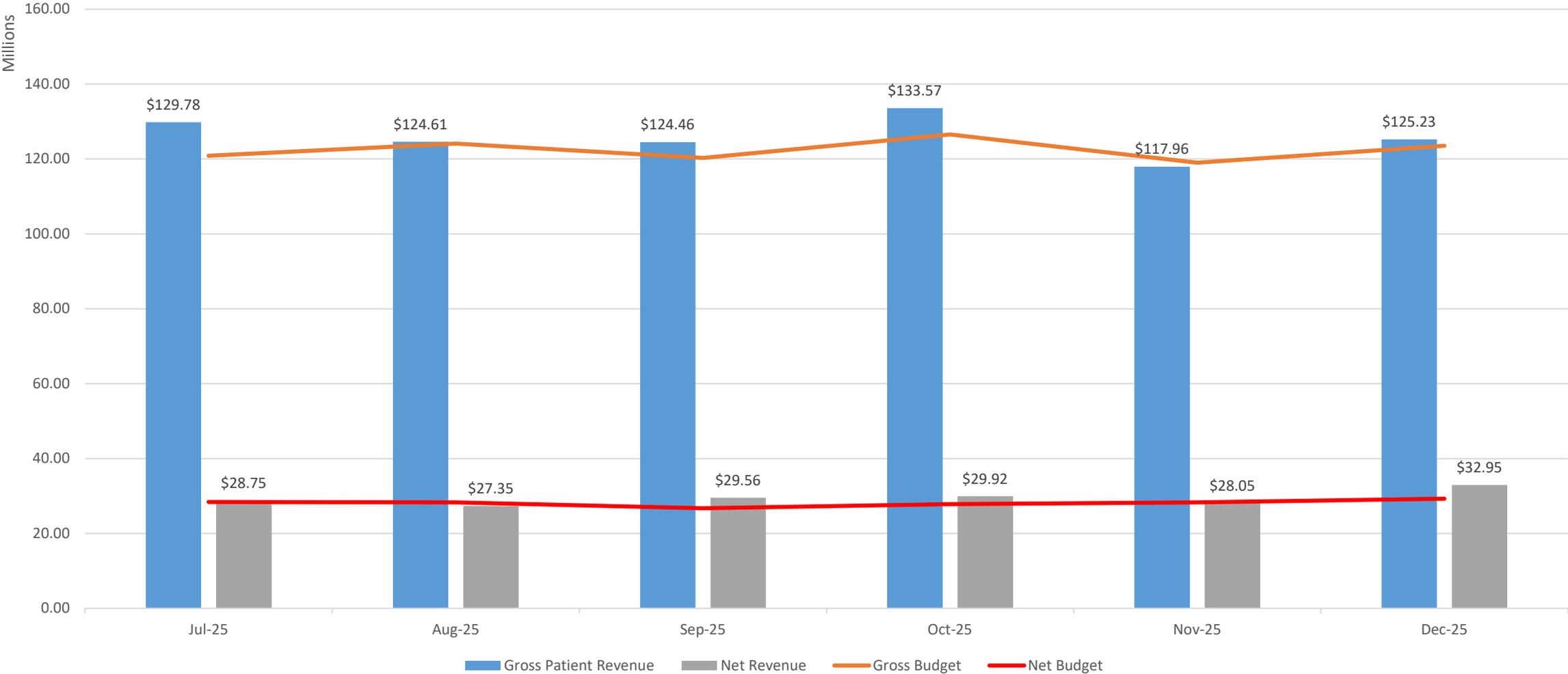


# Productivity

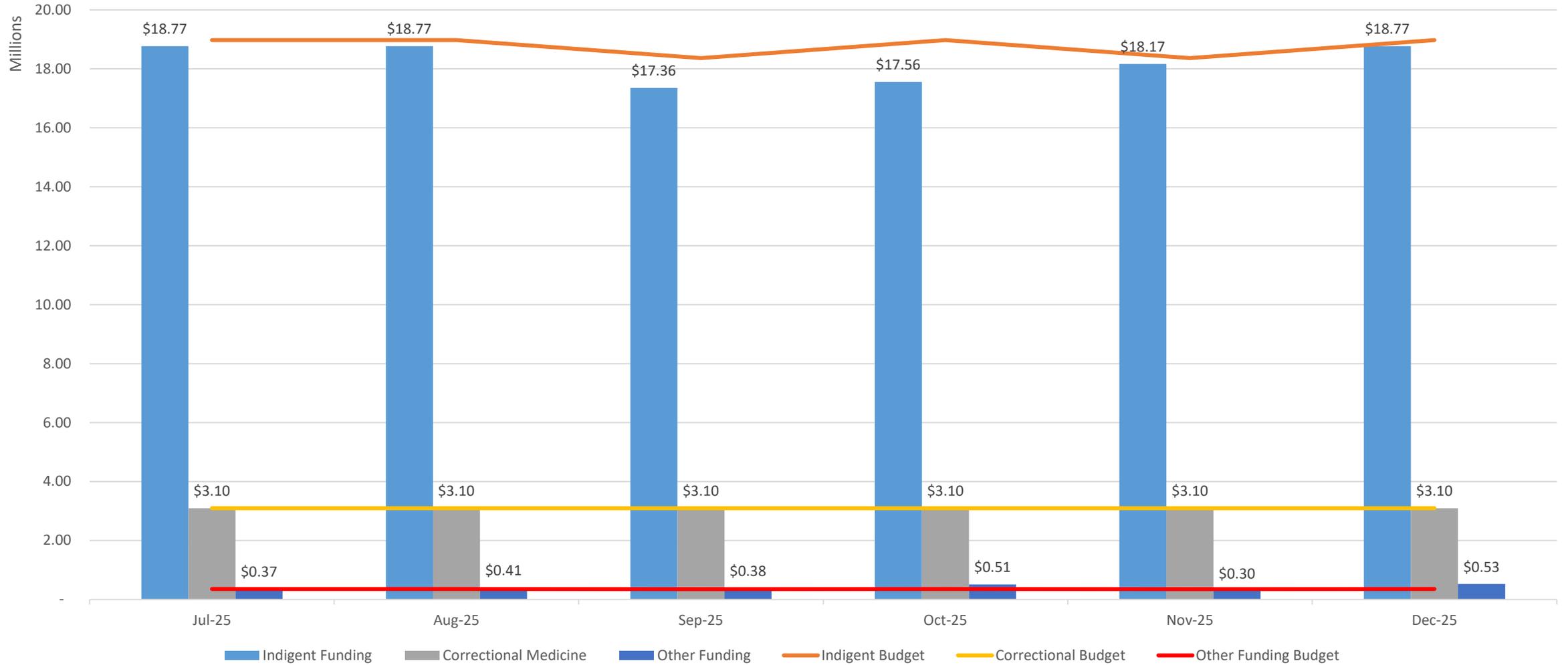




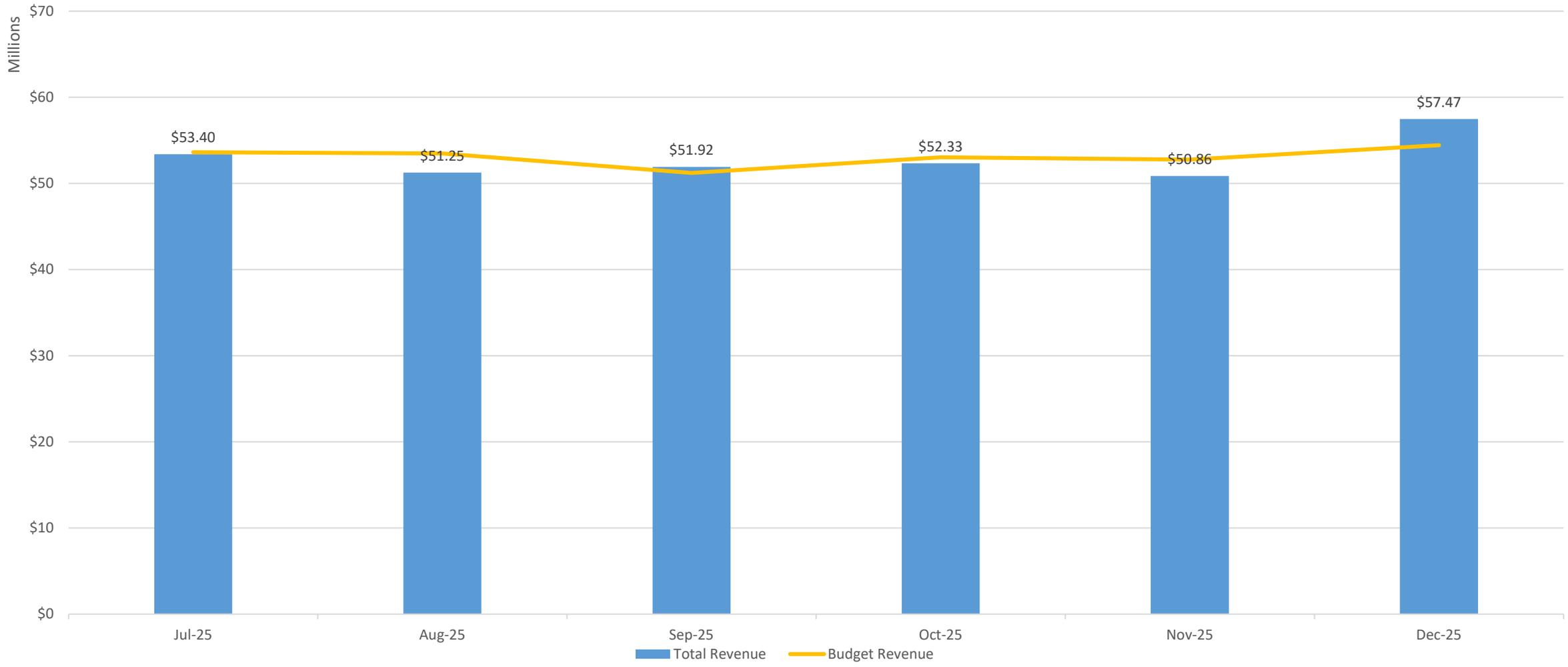
# Patient Revenue



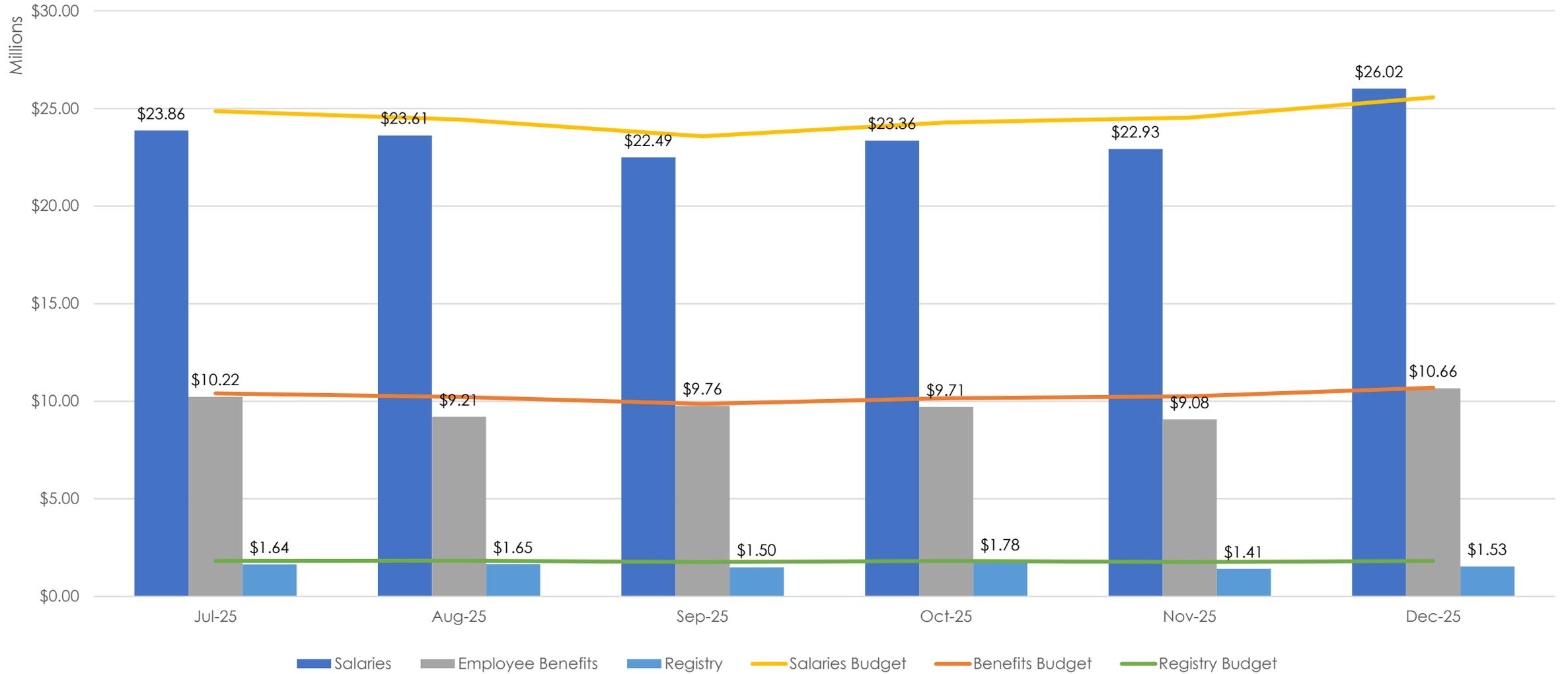
## Indigent & Correctional Revenue



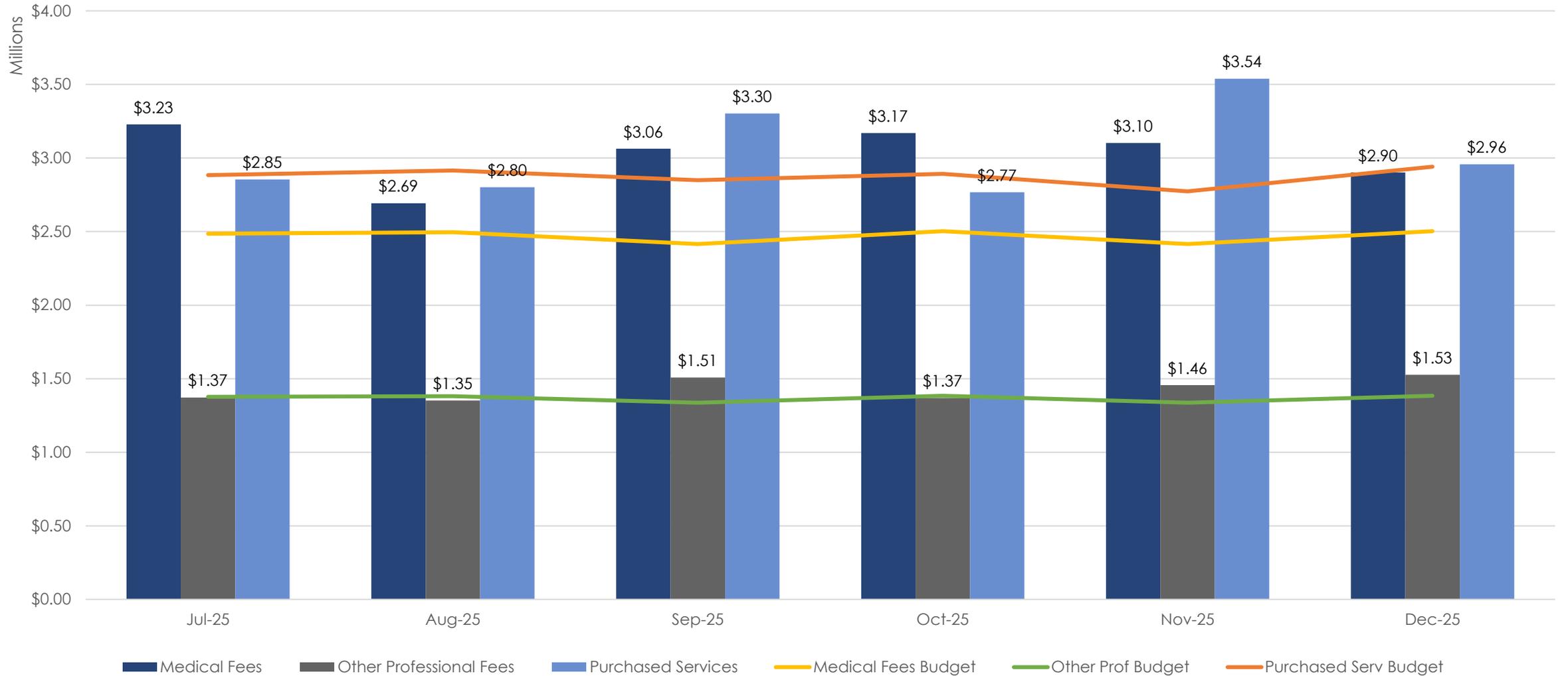
# Total Revenue



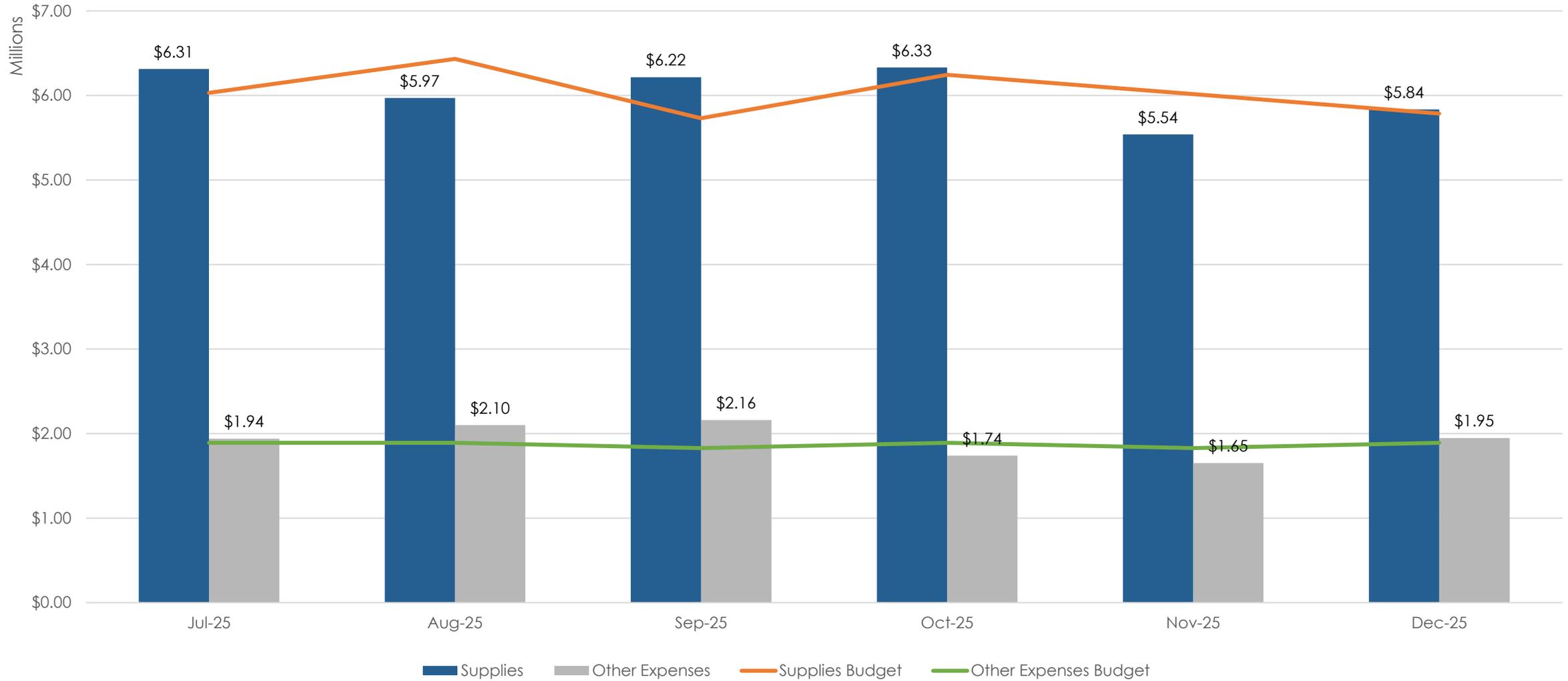
## Expenses



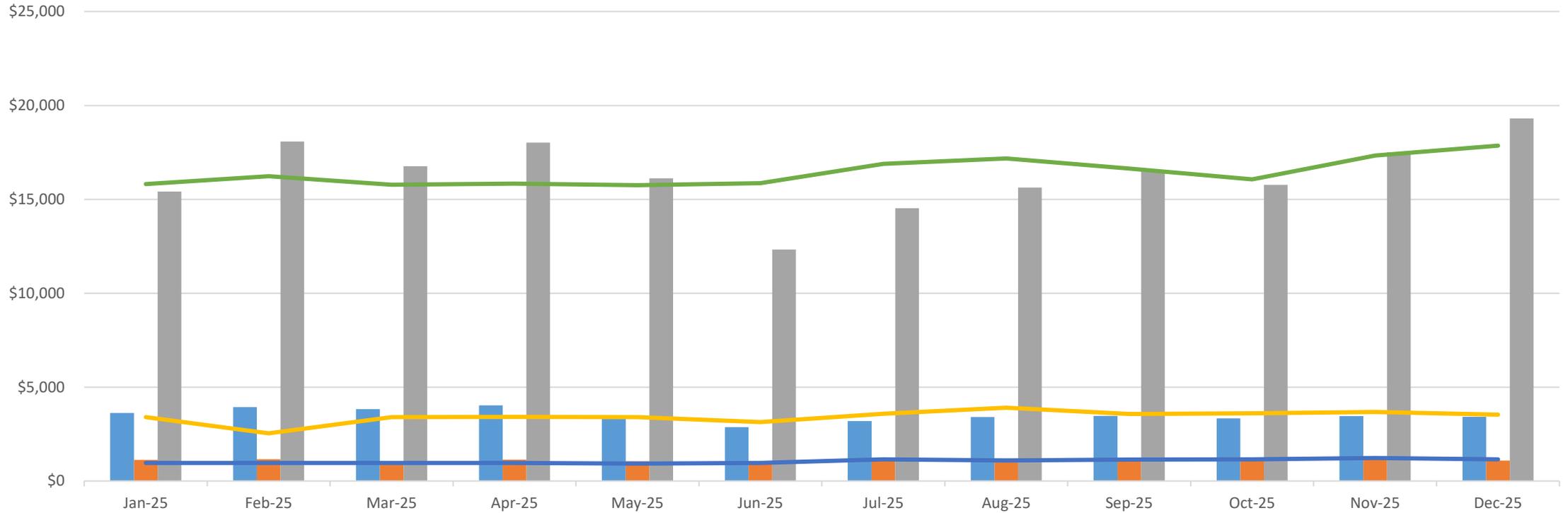
## Expenses



# Expenses

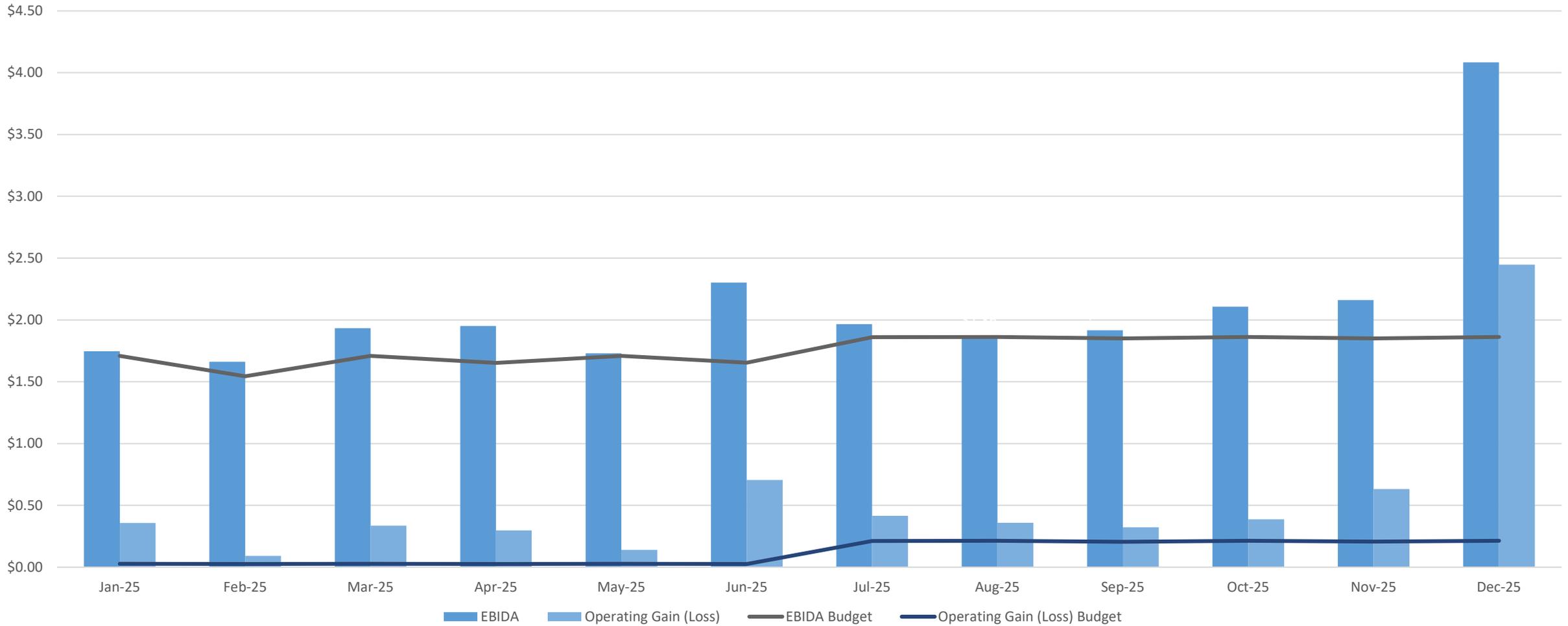


## Operating Metrics

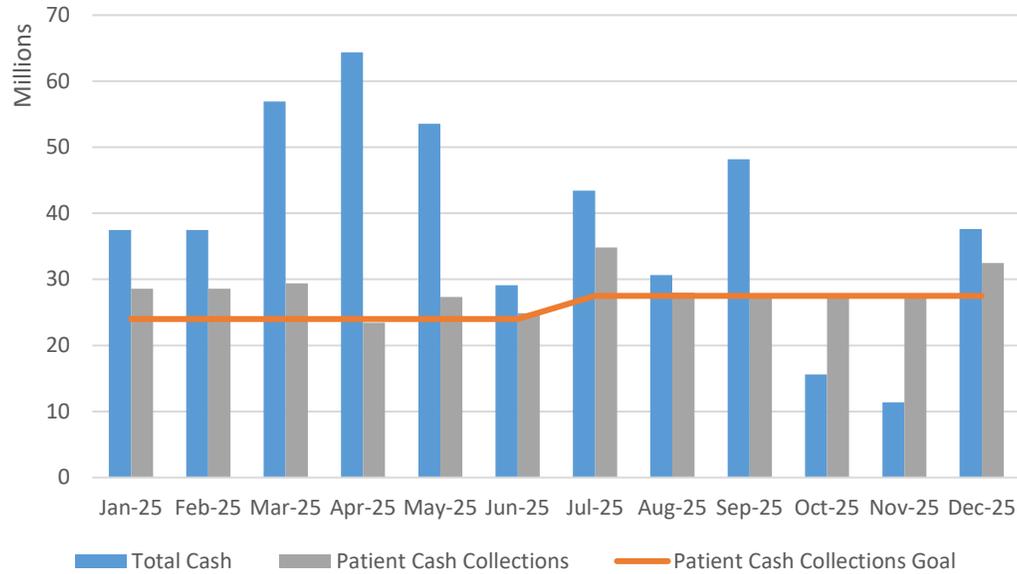


	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Supply Expense per AA	\$3,629	\$3,933	\$3,835	\$4,028	\$3,426	\$2,868	\$3,191	\$3,412	\$3,471	\$3,338	\$3,458	\$3,421
Pharm Cost per AA	\$1,125	\$1,161	\$1,070	\$1,142	\$1,051	\$883	\$1,192	\$1,199	\$1,118	\$1,140	\$1,194	\$1,094
Net Revenue Per AA	\$15,411	\$18,087	\$16,764	\$18,019	\$16,125	\$12,325	\$14,532	\$15,633	\$16,506	\$15,778	\$17,508	\$19,312
Budget Supp/AA	\$3,407	\$2,546	\$3,410	\$3,413	\$3,408	\$3,143	\$3,583	\$3,909	\$3,567	\$3,604	\$3,686	\$3,532
Budget Pharm/AA	\$964	\$966	\$965	\$965	\$930	\$965	\$1,160	\$1,098	\$1,142	\$1,162	\$1,228	\$1,162
Budget Net Rev/AA	\$15,811	\$16,229	\$15,781	\$15,841	\$15,753	\$15,862	\$16,892	\$17,181	\$16,643	\$16,073	\$17,329	\$17,863

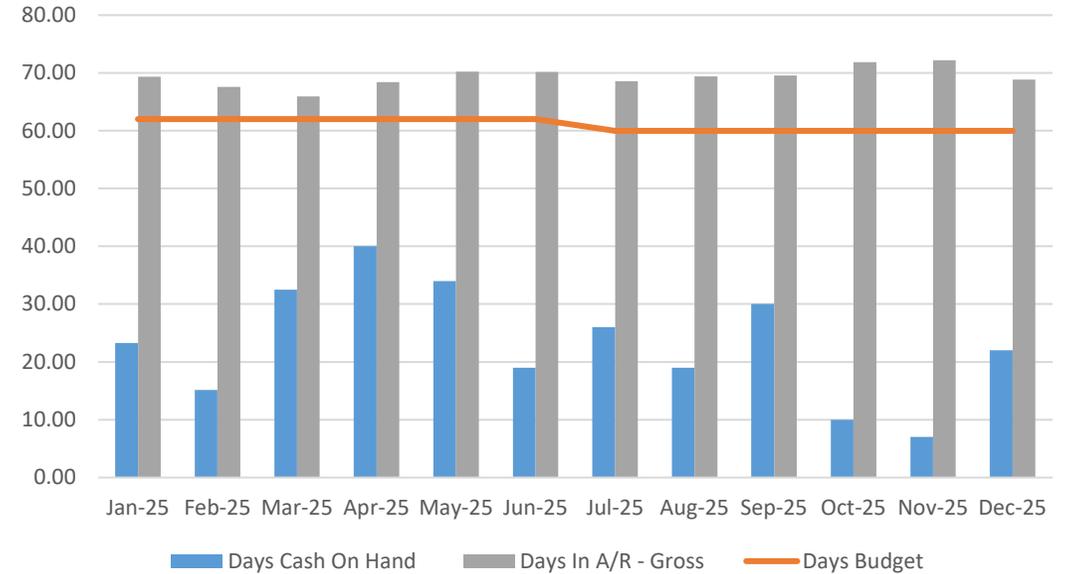
# EBIDA Rolling Year



### Cash Rolling Year



### AR Days Rolling Year



**KERN MEDICAL**  
**3-Month Trend Analysis: Revenues & Expenses**  
December 31, 2025

	OCTOBER	NOVEMBER	DECEMBER	BUDGET DECEMBER	VARIANCE POS (NEG)	PY DECEMBER
<b>Gross Patient Revenue</b>	\$ 133,573,836	\$ 117,957,124	\$ 125,231,020	\$ 123,496,982	1.4%	\$ 115,064,775
Contractual Deductions	(103,649,026)	(89,911,537)	(92,284,622)	(94,237,749)	(2%)	(73,544,646)
<b>Net Revenue</b>	29,924,811	28,045,587	32,946,398	29,259,233	13%	41,520,129
Indigent Funding	17,556,719	18,165,416	18,770,930	18,973,856	(1%)	23,695,729
Correctional Medicine	3,097,714	3,097,714	3,097,714	3,095,522	0.1%	3,097,714
County Contribution	285,211	285,211	285,211	285,211	(0%)	574,550
Incentive Funding	227,651	18,320	241,992	72,378	234%	142,625
<b>Net Patient Revenue</b>	51,092,105	49,612,248	55,342,244	51,686,200	7%	69,030,746
Other Operating Revenue	1,214,107	1,236,097	2,106,511	2,746,242	(23%)	8,300,463
Other Non-Operating Revenue	25,042	16,501	18,697	12,151	54%	13,608
<b>Total Revenues</b>	52,331,253	50,864,846	57,467,452	54,444,593	6%	77,344,817
<b>Expenses</b>						
Salaries	23,357,235	22,926,500	26,017,998	25,567,724	2%	26,217,896
Employee Benefits	9,705,486	9,077,232	10,662,408	10,692,422	(0%)	(2,472,543)
Registry	1,784,612	1,412,551	1,533,990	1,818,373	(16%)	1,842,771
Medical Fees	3,168,861	3,101,977	2,901,740	2,502,143	16%	2,368,950
Other Professional Fees	1,369,689	1,456,563	1,526,005	1,384,644	10%	1,376,560
Supplies	6,331,649	5,538,741	5,835,699	5,785,323	1%	4,635,687
Purchased Services	2,767,273	3,539,365	2,958,214	2,941,674	1%	2,778,587
Other Expenses	1,739,158	1,650,679	1,947,493	1,890,090	3%	8,499,265
Operating Expenses	50,223,963	48,703,608	53,383,547	52,582,393	2%	45,247,173
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 2,107,290	\$ 2,161,238	\$ 4,083,906	\$ 1,862,200	119.3%	\$ 32,097,644
EBIDA Margin	4%	4%	7%	3%	108%	41%
Interest	259,455	288,247	298,365	339,518	(12%)	410,830
Depreciation	790,148	595,099	692,675	657,304	5%	753,057
Amortization	670,510	646,295	646,748	652,001	(1%)	588,661
Total Expenses	51,944,076	50,233,249	55,021,335	54,231,216	1%	46,999,720
<b>Operating Gain (Loss)</b>	\$ 387,177	\$ 631,597	\$ 2,446,117	\$ 213,377	1,046%	\$ 30,345,097
<b>Operating Margin</b>	0.74%	1.24%	4.26%	0.39%	986.1%	39.2%

**KERN MEDICAL**  
**Year - to - Date Analysis: Revenues & Expenses**  
December 31, 2025

	ACTUAL	BUDGET	VARIANCE		PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)		FYTD	POS (NEG)
<b>Gross Patient Revenue</b>	\$ 755,616,350	\$ 734,264,358	3%	\$	693,608,778	9%
Contractual Deductions	(566,848,472)	(565,411,629)	0%		(528,466,077)	7%
<b>Net Revenue</b>	188,767,879	168,852,729	12%		165,142,700	14%
Indigent Funding	109,390,866	112,619,017	(3%)		115,595,505	(5%)
Correctional Medicine	18,586,281	18,573,134	0%		18,586,282	(0%)
County Contribution	1,711,265	1,711,266	(0%)		2,000,604	(14%)
Incentive Funding	791,112	429,596	84%		467,824	69%
<b>Net Patient Revenue</b>	319,247,403	302,185,741	6%		301,792,915	6%
Other Operating Revenue	10,031,712	16,300,275	(38%)		22,012,626	(54.43%)
Other Non-Operating Revenue	136,950	71,955	90%		75,952	80%
<b>Total Revenues</b>	329,416,064	318,557,971	3%		323,881,494	2%
<b>Expenses</b>						
Salaries	142,275,913	147,254,522	(3%)		135,076,331	5%
Employee Benefits	58,636,499	61,581,841	(5%)		43,820,758	34%
Registry	9,511,689	10,834,228	(12%)		11,935,698	(20%)
Medical Fees	18,156,822	14,816,894	23%		14,010,432	30%
Other Professional Fees	8,584,653	8,202,472	5%		8,535,074	0.6%
Supplies	36,206,001	36,244,413	(0%)		32,443,489	12%
Purchased Services	18,223,025	17,255,996	6%		17,681,676	3%
Other Expenses	11,409,835	11,218,597	2%		18,023,604	(37%)
Operating Expenses	303,004,437	307,408,963	(1%)		281,527,063	8%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 26,411,628	\$ 11,149,008	137%	\$	42,354,431	(37.6%)
EBIDA Margin	8%	3%	129%		13%	(39%)
Interest	1,644,844	2,029,559	(19%)		2,200,738	(25%)
Depreciation	4,142,082	3,943,821	5%		4,283,742	(3%)
Amortization	3,751,120	3,912,009	(4%)		3,724,168	1%
Total Expenses	312,542,482	317,294,352	(1%)		291,735,710	7%
<b>Operating Gain (Loss)</b>	\$ 16,873,582	\$ 1,263,618	1,235%	\$	32,145,784	(48%)
<b>Operating Margin</b>	5.1%	0.4%	1,191.3%		9.9%	(48%)

**KERN MEDICAL  
BALANCE SHEET**

	DECEMBER 2025	DECEMBER 2024
<b>ASSETS:</b>		
<i>Total Cash</i>	\$ 37,597,188	\$ 62,051,103
Patient Receivables Subtotal	281,897,633	271,660,959
Contractual Subtotal	(213,936,063)	(228,952,984)
<b><i>Net Patient Receivable</i></b>	<b>67,961,571</b>	<b>42,707,974</b>
Total Indigent Receivable	267,653,376	252,281,767
Total Other Receivable	20,336,926	15,805,554
Total Prepaid Expenses	5,825,710	5,866,669
Total Inventory	5,879,515	4,780,251
<b><i>Total Current Assets</i></b>	<b>405,254,285</b>	<b>383,493,318</b>
Deferred Outflows of Resources	113,460,412	124,532,718
Total Land, Equipment, Buildings and Intangibles	275,657,148	270,747,103
Total Construction in Progress	18,191,817	12,198,900
<b><i>Total Property, Plant &amp; Equipment</i></b>	<b>293,848,965</b>	<b>282,946,003</b>
Total Accumulated Depr & Amortization	(188,266,356)	(175,996,271)
<b><i>Net Property, Plant, and Equipment</i></b>	<b>105,582,609</b>	<b>106,949,732</b>
<b><i>Total Long Term Assets</i></b>	<b>113,460,412</b>	<b>124,532,718</b>
<b><i>Total Assets</i></b>	<b>\$ 624,297,305</b>	<b>\$ 614,975,768</b>

**KERN MEDICAL  
BALANCE SHEET**

	DECEMBER 2025	DECEMBER 2024
<b>LIABILITIES &amp; EQUITY:</b>		
Total Accounts Payable	\$ 9,311,521	\$ 14,183,525
Total Accrued Compensation	40,980,492	30,071,806
Total Due Government Agencies	3,578,892	5,096,504
Total Other Accrued Liabilities	45,323,154	65,120,188
<b><i>Total Current Liabilities</i></b>	<b>99,194,059</b>	<b>114,472,023</b>
Unfunded Pension Liability	331,776,526	344,447,058
Other Long-Term Liabilities	69,836,686	81,627,265
<b><i>Total Long-Term Liabilities</i></b>	<b>401,613,212</b>	<b>426,074,323</b>
<b><i>Total Liabilities</i></b>	<b>500,807,271</b>	<b>540,546,346</b>
<b><i>Total Net Position</i></b>	<b>123,490,034</b>	<b>74,429,421</b>
<b><i>Total Liabilities and Net Position</i></b>	<b>\$ 624,297,305</b>	<b>\$ 614,975,768</b>

**KERN MEDICAL  
STATEMENT OF CASH FLOWS**

	Fiscal Year-to-Date December 2025	Fiscal Year-End June 2025	Fiscal Year-to-Date December 2024	Fiscal Year-End June 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for patient/current services	\$ 178,782,533	\$ 318,273,169	\$ 155,560,927	\$ 292,533,084
Cash received for other operations	118,915,083	262,872,978	111,842,800	233,602,712
Cash paid for salaries and benefits	(188,636,016)	(382,309,780)	(186,715,229)	(339,411,493)
Cash paid for services and supplies	(95,801,580)	(198,862,050)	(81,950,258)	(186,981,598)
Net cash (used in) provided by operating activities	<u>13,260,019</u>	<u>(25,683)</u>	<u>(1,261,760)</u>	<u>(257,296)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash (provided to) received from various County funds	-	381,436	-	-
Interest paid - pension obligation bond	-	(2,539,472)	-	420,331
Principal paid - pension obligation bond	-	(1,062,281)	-	(1,062,281)
Interest paid - line of credit	-	(783,152)	-	-
Line of credit payment	-	-	20,000,000	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(4,003,469)</u>	<u>20,000,000</u>	<u>(641,950)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition or construction of capital assets	(4,506,716)	(13,228,131)	(5,112,625)	(18,896,864)
Payments on right-of-usage lease liability	492,289	(3,802,269)	(1,494,065)	3,896,089
Interest paid - right-of-usage lease liability	2,012	-	(4,359)	31,211
Payments on SBITA liability	(391,067)	(817,100)	(378,138)	(752,150)
Interest paid - SBITA	(277)	-	(307)	2,013
Net cash used by capital and related financing activities	<u>(4,403,760)</u>	<u>(17,847,500)</u>	<u>(6,989,494)</u>	<u>(15,719,700)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on bank deposits and investments	-	185,478	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	8,856,259	(21,691,174)	11,748,746	(16,618,946)
CASH AND CASH EQUIVALENTS, beginning of year	<u>28,740,929</u>	<u>50,432,103</u>	<u>50,302,358</u>	<u>66,921,303</u>
CASH AND CASH EQUIVALENTS, year-to-date	<u>\$ 37,597,188</u>	<u>\$ 28,740,929</u>	<u>\$ 62,051,103</u>	<u>\$ 50,302,358</u>



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

February 18, 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**

February 18, 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?*



# Central Valley Healthcare Roundtable



Kern Medical hosted Dr. Oz, who leads the Centers for Medicare and Medicaid Services, Congressman Valadao, and Congressman Fong at a healthcare roundtable with nearly 60 attendees representing over 30 organizations across the Central Valley.

# Pediatric Emergency Department Officially Opens



# Clinical Lab and Pathology Accreditation



Kern Medical's Clinical Laboratory & Pathology Department earned 2026 CAP accreditation with just 9 citations out of 2,900 standards—the lowest in our history!

# Valley Fever Institute New Location



The Valley Fever Institute at Kern Medical has expanded to a new location at 8500 Stockdale Hwy.

# Human Trafficking Awareness Month

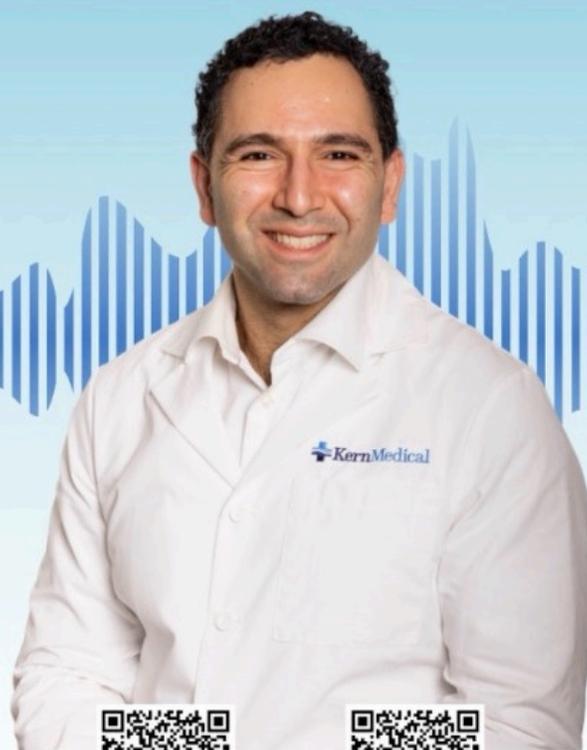


Members of our Human Trafficking Task Force partnered with the Open Door Network to host awareness events in the month of January.

## NEW PODCAST EPISODE

Search "Kern Medical - Health for Life"

*EPISODE 13 - Staying Active & Injury Free w/ Dr. Najib Ussef*



Apple



Spotify



# Kern Medical Wedding



While facing an extended hospital stay, one couple chose to turn a difficult season into a meaningful moment by getting married right here in our hospital. Our staff went above and beyond to help make their day special—including flowers, a cake made by our awesome café team, sparkling Martinelli's apple cider, and thoughtful touches that transformed their hospital room into a place of celebration. This story was even featured in People Magazine!



# National Recognitions - January

- Cervical Health Awareness Month
- Glaucoma Awareness Month
- National Birth Defects Awareness/Prevention Month
- National Blood Donor Month
- National Radon Action Month
- National Winter Sports Traumatic Brain Injury Awareness Month
- Substance Use Disorder Treatment Month
- Thyroid Awareness Month
- January 4: World Braille Day
- January 11: Paget's Awareness Day
- January 12: National Pharmacist Day
- January 12-24: National CRNA Week
- January 21: National IV Nurse Day
- January 23: Maternal Health Awareness Day
- January 25: World Leprosy Day
- January 30: World Neglected Tropical Diseases Day



Kern Medical Surgery Center, LLC  
9300 Stockdale Hwy., Suite 200  
Bakersfield, CA 93311  
661-964-2470

**BOARD OF MANAGERS  
REGULAR MEETING  
KERN MEDICAL SURGERY CENTER, LLC**

February 18, 2026

**Subject:** Administrative Report for Two Months Ended December 31, 2025

**Recommended Action:** Receive and File

**Summary:**

**Kern Medical Surgery Center Operations**

**Key Performance Indicators:**

- November resulted in an operating loss of \$99,574; \$33,581 unfavorable to plan
- November volume of 176 surgeries is 58 below the November budget of 234
- December resulted in an operating loss of \$195,866; \$128,641 unfavorable to plan
- Total surgeries were 219 for December; 23 cases below the December budget of 242

**The following items have budget variances for the months of November and December 2025:**

**Patient Revenue:**

For November, gross patient revenue was 37% unfavorable to budget for the month with the budget at \$1,753,851 and the actual gross patient revenue at \$1,103,511. November net revenue of \$346,924 is \$161,693 less than the November budgeted net revenue of \$508,617.

For December, gross patient revenue had an 28% unfavorable budget variance with actual gross of \$1,296,994 compared to the budget of \$1,812,313. December net revenue of \$286,786 is \$238,785 less than the December budget of \$525,571.

On a fiscal year-to-date basis, gross patient revenue of \$8,854,469 is 17.6% less than the budget of \$10,756,954.

**Supplies Expense:** November supplies of \$133,525 were under the budgeted amount of \$204,783. December supplies of \$154,956 were \$56,652 less than the budget of \$211,608.

**Salary and Benefit Expense:**

Salary expenses for November were \$173,640. This was \$19,936 less than the budgeted amount of \$193,576. December salary expenses were \$171,378, which was \$28,650 less than the budgeted amount of \$200,028.

Benefit expenses for November were \$25,812, which was \$22,582 below the budget of \$48,394. The benefit expenses for December were \$25,112, which was \$24,895 below the budget of \$50,007.

**Purchased Services:**

November purchased services in the amount of \$85,305 were under the budgeted amount of \$103,955 by \$18,650. December purchased services of \$102,990 were below the budgeted amount of \$106,669 by \$3,679.

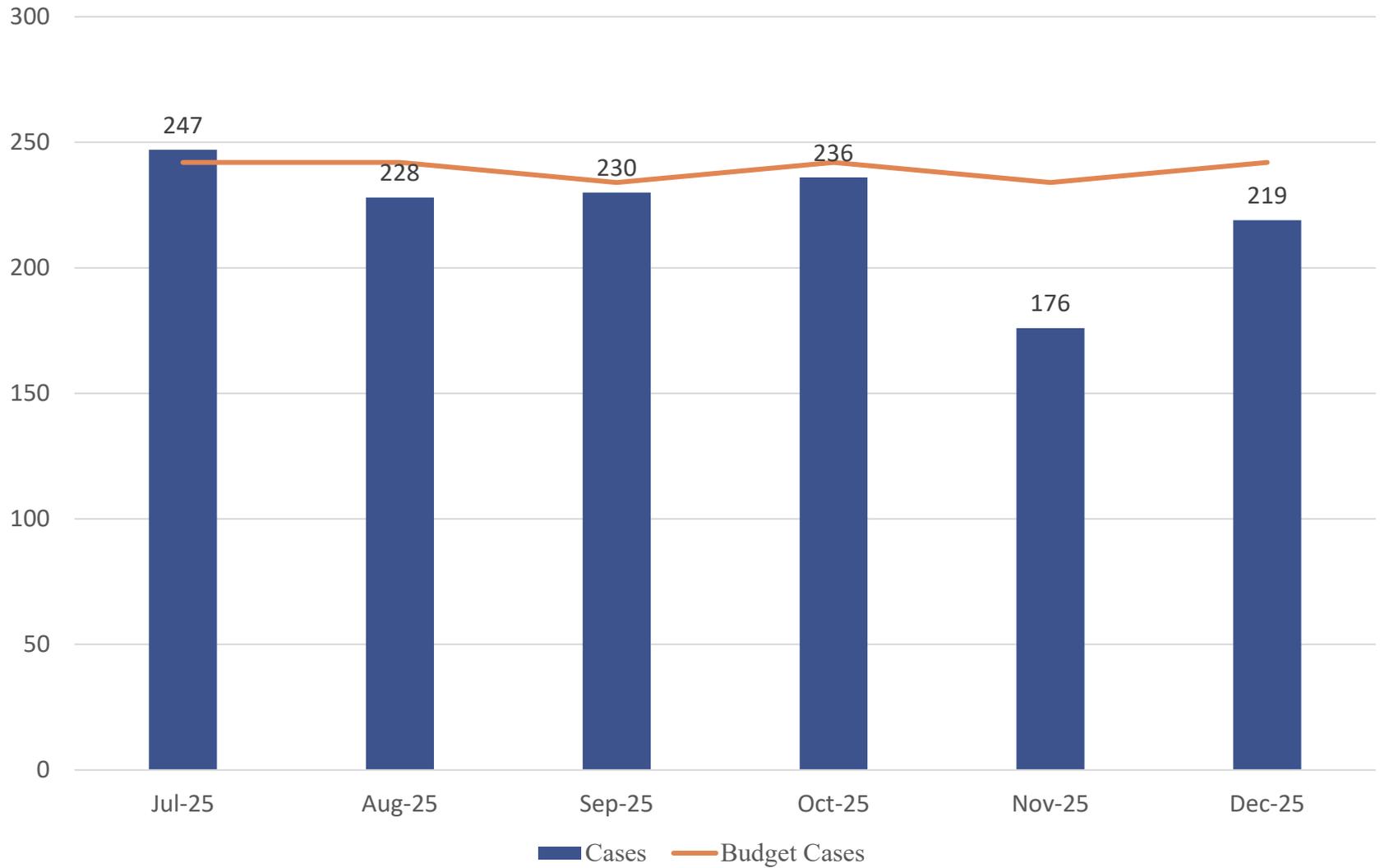
**Initiatives for Marketing and Growth:**

The Director of Nursing has been meeting with the surgeons, department chairs, and the Director of Anesthesia to review and revise the list of cases that can safely be performed at the ASC according to the updated CMS guidelines.

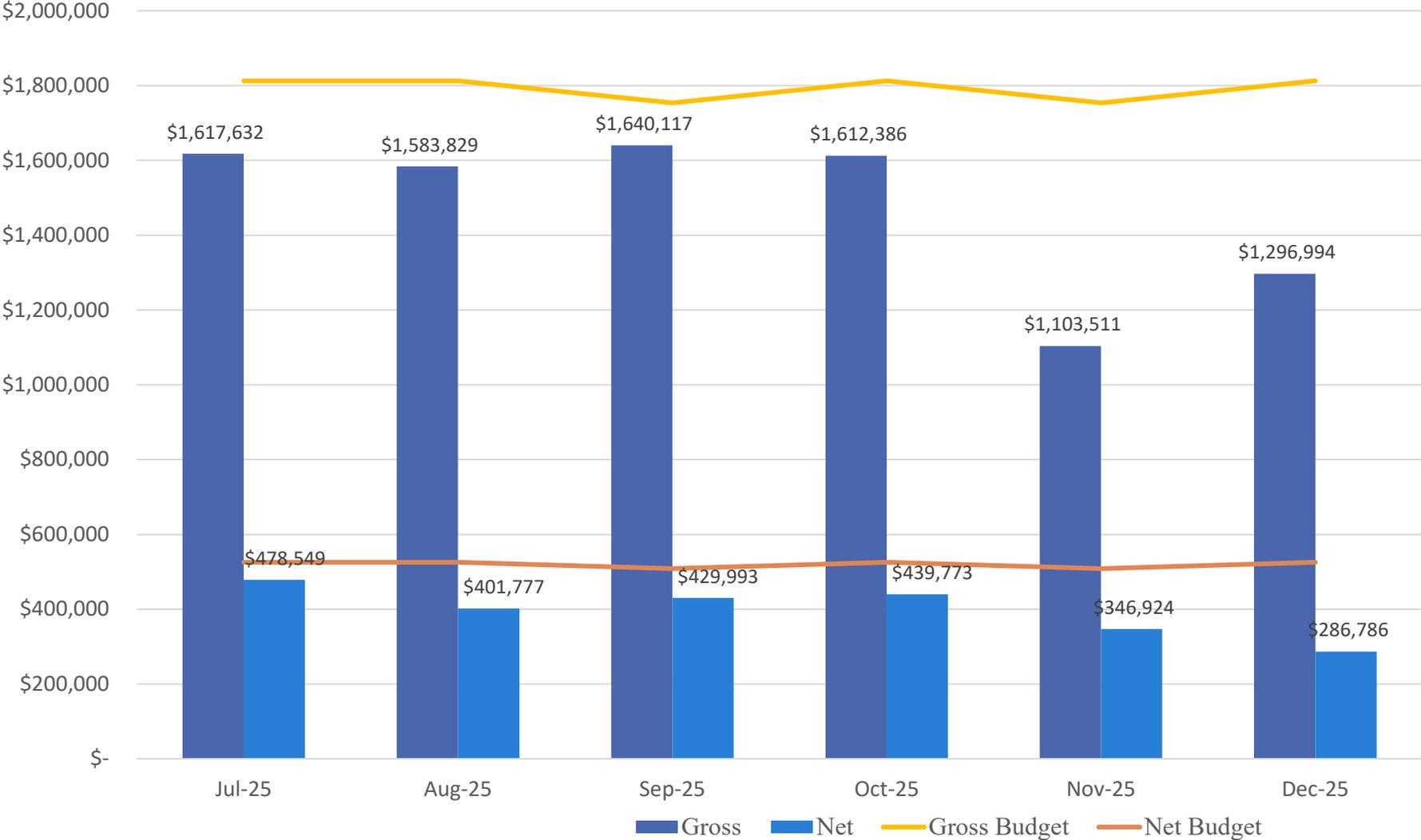


**BOARD OF MANAGERS' REPORT  
NOV 2025 – DEC 2025**

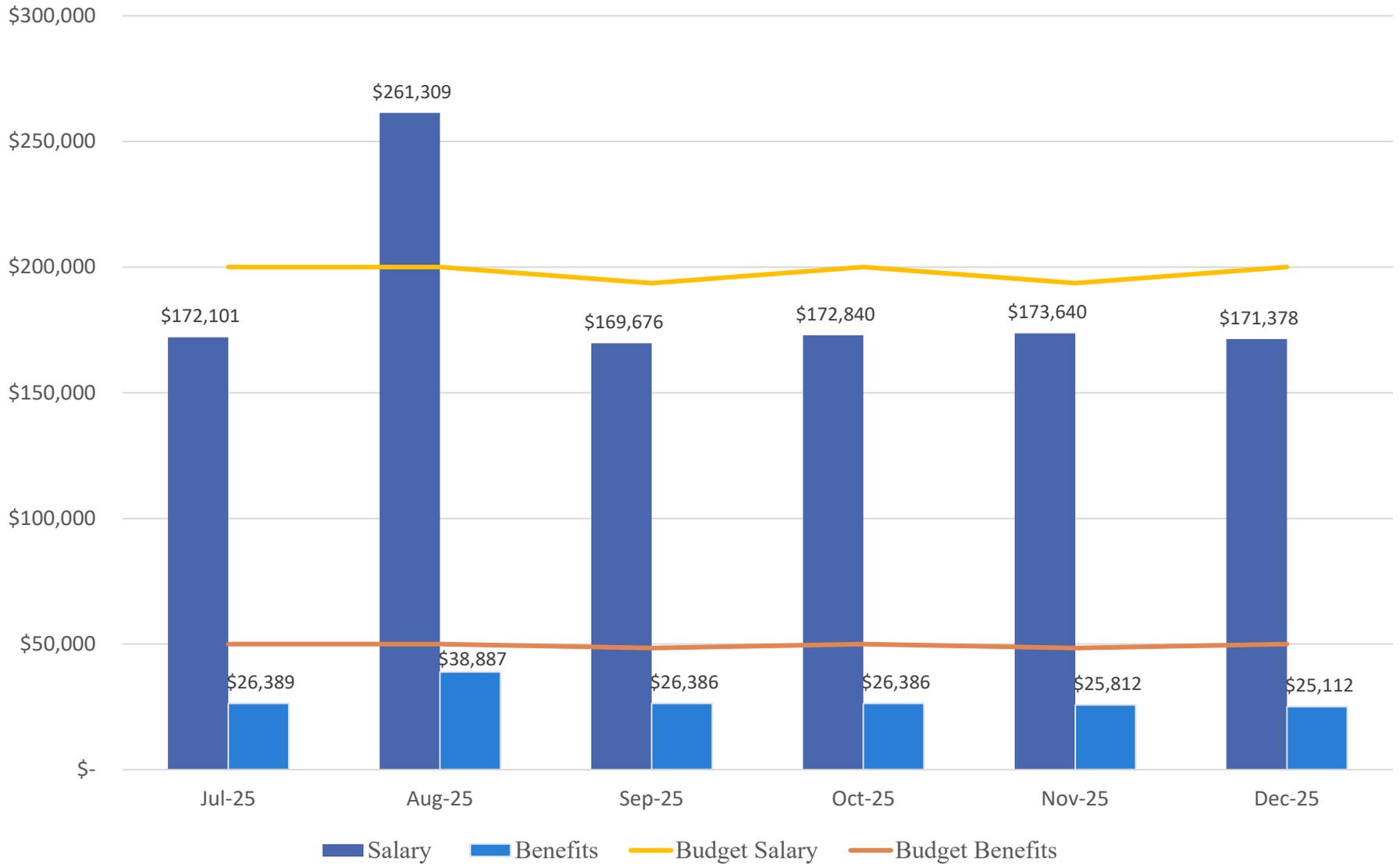
# Case Volume



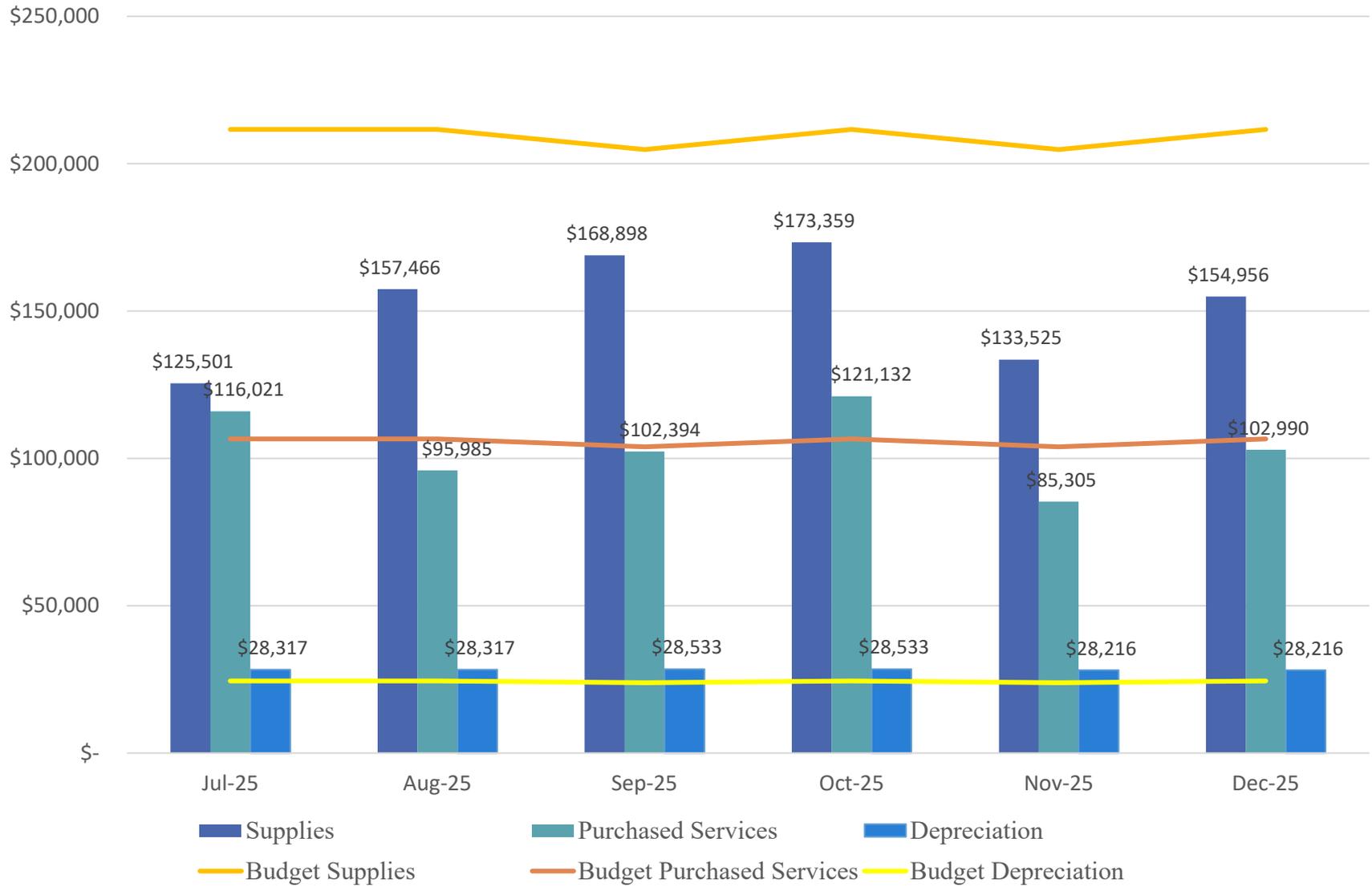
# Total Revenue



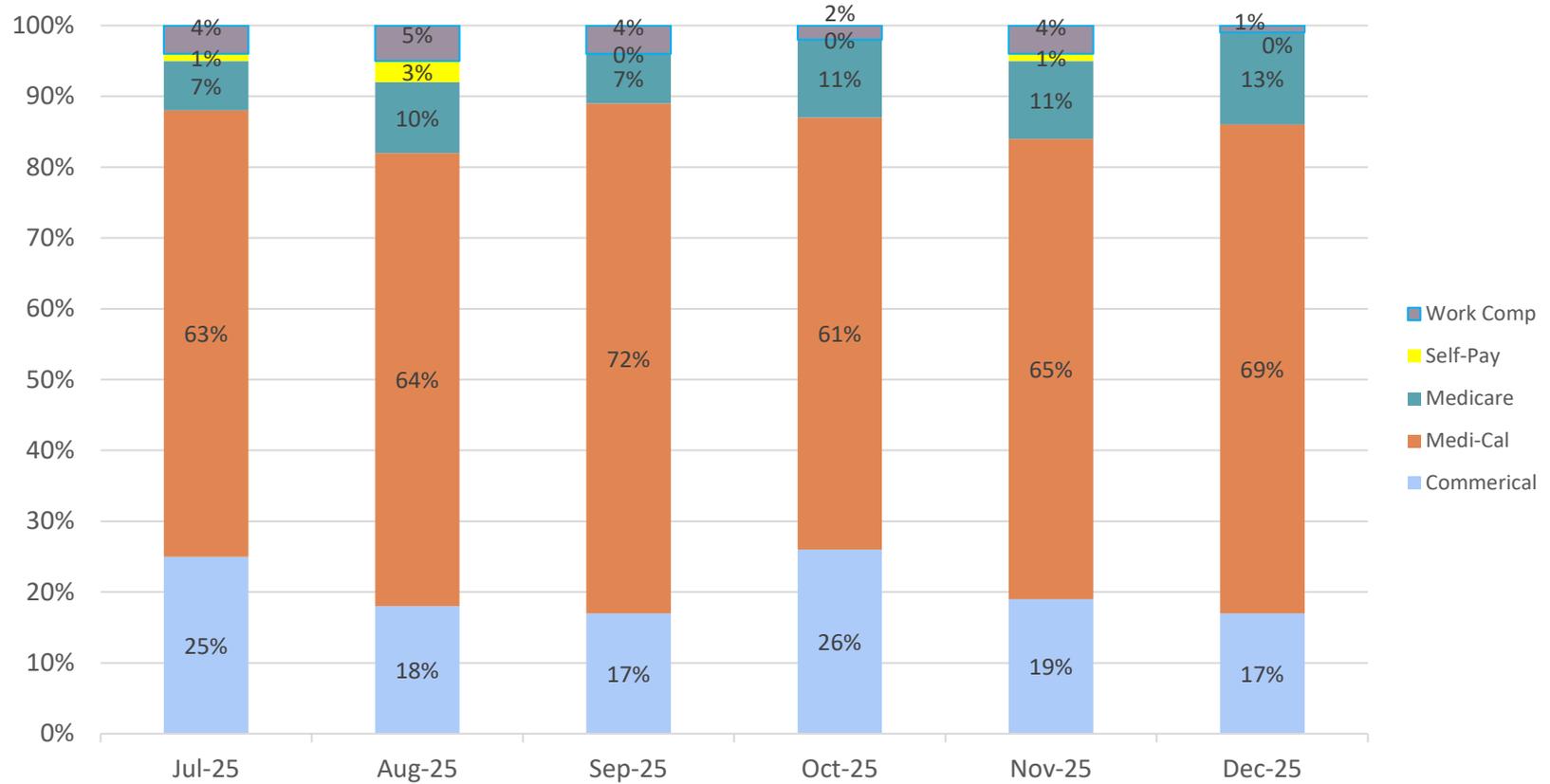
# Expenses



# Expenses



## PAYER MIX



**Kern Medical Surgery Center, LLC.  
Profit and Loss**

	<b>Nov-25</b>	<b>Dec-25</b>	<b>Budget Dec-25</b>	<b>Variance</b>
<b>Gross Revenue</b>	<b>\$ 1,103,511</b>	<b>\$ 1,296,994</b>	<b>\$ 1,812,313</b>	<b>\$ 515,319</b>
<b>Net Revenue</b>	<b>346,924</b>	<b>286,786</b>	<b>525,571</b>	<b>(238,785)</b>
<b>Salaries</b>	173,640	171,378	200,028	<b>28,650</b>
<b>Benefits</b>	25,812	25,112	50,007	<b>24,895</b>
<b>Supplies</b>	133,525	154,956	211,608	<b>56,652</b>
<b>Purchased Services</b>	85,305	102,990	106,669	<b>3,679</b>
<b>Depreciation</b>	28,216	28,216	24,484	<b>(3,732)</b>
<b>Total Expenses</b>	<b>446,498</b>	<b>482,652</b>	<b>592,796</b>	<b>110,144</b>
<b>Net Operating Gain (Loss)</b>	<b>\$ (99,574)</b>	<b>\$ (195,866)</b>	<b>\$ (67,225)</b>	<b>(128,641)</b>

**Kern Medical Surgery Center, LLC.  
Profit and Loss  
Fiscal Year to Date**

	<b>Actual FYTD</b>	<b>Budget FTYD</b>
<b>Gross Revenue</b>	<b>\$ 8,854,469</b>	<b>\$ 10,756,954</b>
<b>Net Revenue</b>	<b>2,383,801</b>	<b>3,119,518</b>
<b>Salaries</b>	<b>1,120,943</b>	<b>1,187,264</b>
<b>Benefits</b>	<b>168,972</b>	<b>296,816</b>
<b>Supplies</b>	<b>913,705</b>	<b>1,255,998</b>
<b>Purchased Services</b>	<b>623,827</b>	<b>634,586</b>
<b>Depreciation</b>	<b>170,132</b>	<b>145,740</b>
<b>Total Expenses</b>	<b>\$ 2,997,579</b>	<b>\$ 3,520,404</b>
<b>Net Operating Gain (Loss)</b>	<b>\$ ( 613,778)</b>	<b>\$ (400,886)</b>

**Balance Sheet**  
**As of December 31, 2025**

	<u>Nov -25</u>	<u>Dec -25</u>
<b>ASSETS</b>		
<b>Total Cash</b>	<b>\$ 357,653</b>	<b>\$ 345,063</b>
<b>Gross Patient Receivables</b>	<b>1,849,756</b>	<b>1,406,053</b>
<b>Contractual Reserve</b>	<b>(1,313,327)</b>	<b>(998,298)</b>
<b>Net Patient Receivables</b>	<b>536,429</b>	<b>407,755</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>
<b>Total Accounts Receivable</b>	<b>436,669</b>	<b>308,698</b>
<b>Total Other Current Assets</b>	<b>9,449</b>	<b>(141)</b>
<b>Total Current Assets</b>	<b>803,770</b>	<b>653,620</b>
<b>Total Fixed Assets</b>	<b>1,140,165</b>	<b>1,111,949</b>
<b>TOTAL ASSETS</b>	<b><u>1,943,935</u></b>	<b><u>1,765,569</u></b>
<b>Liabilities and Equity</b>		
<b>Total Accounts Payable</b>	<b>2,212,781</b>	<b>2,232,450</b>
<b>TOTAL LIABILITIES</b>	<b><u>2,836,021</u></b>	<b><u>2,853,521</u></b>
<b>Total Equity</b>	<b>(892,086)</b>	<b>(1,087,952)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 1,943,935</u></b>	<b><u>\$ 1,765,569</u></b>



Kern Medical Surgery Center, LLC  
9300 Stockdale Hwy, Suite 200  
Bakersfield, CA. 93311  
661-964-2470

**BOARD OF MANAGERS  
KERN MEDICAL SURGERY CENTER, LLC REGULAR MEETING**

February 18, 2026

**Subject:** Proposed Service Agreement with Paychex PEO Holdings, LLC for payroll services

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

**Summary:**

Kern Medical Surgery Center, LLC requests that your Board approve the proposed Service Agreement with Paychex PEO Holdings, LLC for payroll services.

Kern Medical Surgery Center, LLC has been using the services of Paychex PEO Holdings, LLC since July 2018 for a variety of Human Resource services including payroll services. At this time, Kern Medical Surgery Center, LLC has been able to absorb many of the purchased services so that this new Service Agreement include only the services needed by the Kern Medical Surgery Center, LLC at this time.

Counsel is unable to approve due to nonstandard terms, which includes an early termination and transition fees, limited indemnification, limited insurance coverage, "As Is" purchase with no warranties, interest on late payments, liability limited to \$25,000 or fees in the connection of services, and law and venue in the state of Florida. Attempts to negotiate acceptable revisions with the vendor were made but were unsuccessful.

Therefore, it is recommended that your Board approve the proposed Service Agreement with Paychex PEO Holdings, LLC for payroll services, for an auto-renewing term of 30 days, effective upon last signature, for a maximum payable of \$12,000 per month, and authorize the Chairman to sign.



HR | Payroll | Benefits | Insurance

Service Agreement with Kern Medical Surgery Center LLC

<p><b>Agreed by Client:</b></p> <p>Signature:</p> <p>Print name: Phil McLaughlin</p> <p>Title: Chairman, Board of Managers</p> <p>Date: February 18, 2026</p> <p>The person signing represents that they have authority to contractually bind the Client to our Agreement.</p>	<p><b>Agreed by Paychex PEO Holdings, LLC</b></p> <p>Signature:</p>  <hr/> <p>Our notice address is: 970 Lake Carillon Drive Suite 400 St. Petersburg, FL 33716</p> <p>Paychex Flex™</p>
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**Introduction.** Thank you for choosing Paychex! This document, along with certain others described below, is our Paychex HR PEO Service Agreement (our Agreement). Our Agreement, which is between Paychex PEO Holdings, LLC for itself and its subsidiaries that provide service to you which may include Paychex Business Solutions, LLC and Oasis Outsourcing, LLC and their respective PEO affiliates (we) and the Client named above (you), takes effect as of the first day of the first pay period for which we issue PEO payroll and supersedes any prior or contemporaneous agreements, understandings, or offers regarding PEO services. Some parts of this document are summaries, see the Terms of Service for details. Our Agreement includes this document, investment summary(ies), the Terms of Service, and certain other documents as described in the Terms of Service. You may view or print the Terms of Service at your convenience (except during maintenance and unforeseen interruptions) at <https://www.paychex.com/corporate/peo-terms>. E-signatures and signatures transmitted electronically or by facsimile will be valid as original signatures for purposes of our Agreement, and contractual documents may be signed in counterparts which will be construed together as one document. Changes to any of our contractual terms are not permitted and will not be effective.

**Servicing affiliates.** Our PEO Service is provided by wholly-owned affiliates of ours which may differ according to the state(s) in which you operate, are licensed, registered, or otherwise authorized where they provide service, and which may change from time to time (we will notify you if this happens). Unless we advise you otherwise, Paychex Flex services are provided in Texas by Paychex PEO V, LLC and in South Carolina, by Paychex PEO I, LLC and Oasis services are provided in Texas by Oasis Outsourcing VI, LLC and in South Carolina, by Oasis Outsourcing V, LLC.

**Canceling existing insurance.** You should not cancel any insurance that we will provide until at a minimum our insurance takes effect. We will not cancel any insurance policies issued to you, including policies written through Paychex Insurance Agency.

**Term and termination-related fees.** The agreement Term is: 30 days from effective date, automatic renewal Terms of 30 days each until terminated. You may terminate the agreement for convenience at the end of Terms; the early termination fee is \$0/employee/day. If you provide at least 30 days' notice of termination, we will waive the \$0/employee transition fee. See the Terms of Service for details regarding termination.

**Workers' compensation.** We will provide workers' compensation insurance (but no other occupational injury insurance) to Covered Employees; please ensure your current coverage does not expire until the PEO Service has taken effect (see Terms of Service for details, including how coverage will be provided in monopolistic jurisdictions). If the PEO Service takes effect after the expiration date above, we may charge different rates than those shown on the Investment Summary(ies).

**Payroll submission and bank authorization.** Payments to us must be made electronically by ACH Debit or Wire Transfer, subject to our approval which may change from time to time. Each party will bear its own bank fees. If by ACH Debit, payroll must be submitted at least 48 hours before the pay date, and if by Wire Transfer payroll must be submitted at least 72 hours before the pay date and wired funds must be received at least two days before the pay date. You hereby authorize us to initiate debit and credit transactions (including correcting any errors) against any account you identify to us which we approve for such transactions. This authority will remain in effect as long as you have a financial obligation to us including after our Agreement terminates. **Please notify your bank(s) that we are authorized to debit and credit your account(s).**

**Health renewal notices, census, and participation.** If your group will participate in a health plan we sponsor: Rates may be adjusted if (a) prior to the effective date of your group participating in the plan, you receive a renewal notice from your insurer, current PEO,

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REVIEWED ONLY  
NOT APPROVED AS TO FORM

By *Shannon Hochstein*  
Kern County Hospital Authority



HR | Payroll | Benefits | Insurance

or other plan provider that you have not already provided to us (you must provide it to us immediately); or (b) if as of initial enrollment there is a 10% or greater census variance (COBRA or otherwise) from the most recent Benefits Census submitted. The plan's insurers may set requirements relating to matters such as group size, participation, and contribution levels which may change from time to time. If your group does not meet these requirements at any time, it may not qualify to participate in the plan (employee contribution levels may be decreased to encourage participation, fees may be adjusted accordingly). Individuals treated as self-employed for tax purposes such as sole proprietors, partners, LLP/LLC members, and 2% or greater shareholders in S-Corps (and certain of their family members) cannot participate in our cafeteria plan.

Employment Eligibility (Form I-9). You confirm that you have valid I-9s on file for all Covered Employees as of the date our PEO Service takes effect. You may be able to use the inception of our PEO Service as an opportunity to verify your Covered Employees (if you do you must do so for all and I-9s must be completed within legally-mandated time frames); consult your own legal counsel and notify your Paychex implementation team in advance if you wish to do this.

# Paychex HR PEO Terms of Service

Version effective: 9/12/2025

## PART A: PAYCHEX HR PEO SERVICE DESCRIPTION

### Functions

Functions included in PEO Service. We will provide you our PEO Service which includes:

*HR consultation and support* on any human resources subject, including employee handbooks and policies and access to HR tools and resources.

*Benefits* which may include health and welfare, 401(k), and other benefits (additional documentation and approvals are required for each benefit and eligibility, participation, and other criteria may apply).

*On-line* employment resources.

*Payroll* including issuing wages, wage statements, and W-2s for the wages we issue. Payroll will be drawn from our accounts and paid under our FEIN (you will not file anything under our name and/or FEIN). Wages may be issued via check, direct deposit via Automated Clearing House (ACH) or the RTP® network (same day or RTP transactions may incur additional fee). We have control of payment of wages issued from our accounts for purposes of section 3401(d) of the Internal Revenue Code. We may charge a fee per delivery of payroll per location and postage if we mail checks directly to a Covered Employee.

*Garnishment/wage* deduction order processing including administration and remitting funds. If you receive a garnishment or wage deduction order for a Covered Employee notify the sender to serve us so we can respond; you may still have to respond to documents served on you (we cannot file documents in legal proceedings in your name but we can remit funds on your instruction). You may be required to respond to garnishments or wage deduction orders served on you; we can assist you with the information in our possession and remit funds but we are not permitted by law to respond on your behalf. We may retain fees authorized by law to be charged to subject Covered Employee wages.

*Employment taxes* including deducting, withholding, remitting, and reporting FICA, FUTA, and SUTA from the payroll we issue.

Unemployment claims services for claims relating to our payroll including claims processing, and charge reconciliation.

### Covered Employees

Covered Employees. Our Paychex HR PEO Service applies to “Covered Employees.” A Covered Employee is a common law employee of yours (not an independent contractor or someone who has been misclassified as an independent contractor, subcontractor, volunteer, or worker paid through a staffing service or other third party), performing services for you under your direction and control in the United States, that you submit to us to be a Covered Employee under our Agreement while our Paychex HR PEO Service is in effect. You agree to submit all your employees employed in the United States to be Covered Employees. Persons do not become Covered Employees until we have received and accepted all information we require to set them up in our system (to avoid risk of non-Coverage, you should not allow them to work until they have become Covered Employees), including a signed Employee Acknowledgments form. The PEO relationship between you, us, and Covered Employees as described in our Agreement is sometimes referred to for convenience as “co-employment,” however, you and we are independent contractors of each-other, not joint employers, partners, or joint venturers. Employees are only Covered Employees with respect to work that you properly report to us and pay us for, that we issue payroll for, and that is consistent with the workers’ compensation code under which you report them to us (the code must be listed on a pricing exhibit to our Agreement). Any other work is not as a Covered Employee, even if the employee also works as a Covered Employee. You are responsible for everything relating to work that is not as a Covered Employee including wages, taxes, benefits, and workers’ compensation coverage. We may contact Covered Employees directly with information about benefits, products, and services available to or utilized by them.

Hiring and employment verification. You are responsible to verify Covered Employees’ eligibility to work as required by law and not employ Covered Employees you know not to be eligible to work and to maintain records relating to employment verification, including original I-9s and, if required by law or used by you, E-Verify, showing that you complied with verification and reverification requirements (you will give us copies of and access to these records on our reasonable request including after our Agreement terminates). If a Covered Employee requires a visa, you will be the sponsoring employer. You are responsible for ensuring that Covered Employees are qualified to perform the work they perform for you, including any responsibility to perform background checks or verify or maintain qualifications. For Covered Employees working for you when our Paychex HR PEO Service takes effect, you may either utilize I-9s already obtained by you or you may recertify all Covered Employees within time limits provided by law; we rely on you to have compliant I-9s on file.

Dispute resolution agreements. We may enter into dispute resolution agreements such as arbitration agreements, jury trial waivers, and class action waivers with Covered Employees (for example, in our onboarding documents). You consent to be bound by these agreements with respect to any dispute we or our insurance carriers are involved in. You can agree to other ways of resolving disputes (for example, in contracts with Covered Employees) as long as they do not conflict with our agreements for disputes we or our insurance carriers are involved in.

Self-employed individuals. If on your instructions we process wages for individuals considered self-employed under the Internal Revenue Code as Covered Employees:

You will identify them to us as being self-employed; You represent that they meet the definition of Covered Employees; You represent that they are eligible to receive W-2 wages for the services they perform for you as Covered Employees; We may require that you pay them at least a minimum amount of wages through our Paychex HR PEO Service; We are not responsible for reconciling W-2 wages we issue with K-1s or other tax documents, or for any consequences of their receiving W-2 wages. Self-employed individuals are not permitted to participate on a pre-tax basis in benefits we sponsor and may not be eligible for workers' compensation or unemployment compensation benefits under applicable law regardless of whether we charge fees or withhold/remit based on their wages in connection with workers' compensation or unemployment compensation as we would other Covered Employees.

Document storage/publication. We may make functionality available that allows you to store, access, or publish documents. We do not approve, review, or control your use of such functionality (though we may have access to it for ministerial purposes); you are responsible for content you provide and the use you make of it. We make no representations that these documents would be held valid or enforceable.

Policies/handbook. You set policies for Covered Employees (for instance policies that might be included in an employee handbook).

Contracts with Covered Employees. You can enter into contracts with Covered Employees such as employment contracts, confidentiality and noncompetition agreements, and intellectual property agreements. We are not a party to or responsible for your contracts with Covered Employees. We disclaim any interest in the work product of Covered Employees, including intellectual property rights.

Authority. No Covered Employee is authorized to bind us or act on our behalf or in our name. Any Covered Employee acting in an executive, managerial, or supervisory capacity for your business does so on your behalf, not ours.

Employee assignments. You are responsible for hiring, firing, disciplining, supervising, directing, and controlling Covered Employees (notwithstanding any law that requires PEOs to reserve a right to do these things), for Covered Employee acts and omissions, for reporting Covered Employee compensation to us, and for determining who is qualified for work assignments relating to your business.

Benefits you sponsor. If you sponsor benefit plans for Covered Employees: You will obtain our prior consent to offer the plan (this is to ensure that your plan does not interfere with our functions, not, for instance, a legal review); We will not sponsor or be the Plan Administrator of your benefit plans or adopt them; Under no circumstances will we be deemed to act as a plan fiduciary, or in any other way be responsible for your plans. We may at your request note deductions for benefit plans you sponsor on payroll we issue, but except for certain plans serviced by Paychex Retirement Services or written through Paychex Insurance Agency which if applicable will be confirmed separately, we will not handle the money associated with them (no money in our possession will be deemed your plan's plan asset), we will credit you on invoices and you will be responsible for applying them appropriately under your plan. If you instruct

us to reflect employee deductions for a plan of yours on payroll as pre-tax, you represent that they are compliant to take as payroll deductions and/or treat as pre-tax under a Section 125 plan you have established. If we administer your health/welfare plan deductions a \$5 per participating full-time employee (regardless of whether enrolled) per month fee will apply (if you administer deductions using our self-service web interface there is no charge). You are responsible for all matters relating to your plans including fiduciary obligations, tax returns, discrimination testing, correcting testing failures, and compliance with applicable laws which might include ERISA, COBRA and state equivalents, and the Affordable Care Act among others. We may reflect the value of health benefits you sponsor on W-2s we issue (you must give us information in the format and within the deadlines we specify). You can have policies and fringe benefits such as paid time off policies for Covered Employees; you are solely responsible for them and we are not obligated to provide any benefit under them, though we may perform ministerial tasks related to our Services that reflect them, for instance on payroll. We may also help you determine and track measurement, stability, and administrative periods and comply with 1094/1095 notice requirements (additional requirements and fees may apply) but we are not responsible for your compliance with regard to such matters. Nothing we do pursuant to our Paychex HR PEO Service will be deemed a service to your plans. We will not make service provider fee disclosures to your plans or enter into HIPAA Business Associate Agreements with respect to your plans.

Section 125 plans. If we provide support services relating to a plan that you sponsor and offer on a pre-tax basis (which if applicable will be confirmed separately) you hereby adopt the form of our standard prototype Section 125 plan document, as we may amend it from time to time (you may request a current copy at any time), as your Section 125 plan document and our services will assume that the prototype document governs. The prototype document is provided as-is without warranty and is not intended as legal or tax advice; by adopting it you ratify it on an ongoing basis as it may be amended from time to time.

Exclusions from “wages.” Unless, and then only to the extent, explicitly required by a law specifically regulating PEOs, any legal obligation we may have to pay Covered Employee wages extends only to the applicable minimum wage and applicable overtime; we do not assume responsibility for payment of wages in excess of applicable minimum wage/overtime, bonuses, commissions, severance pay, deferred compensation, profit sharing, vacation, sick, or other paid time off pay, benefits, or any other payment or compensation obligation, arising from or in connection with a plan, policy, obligation (statutory or otherwise), collective bargaining agreement, or contract of yours, although we may reflect them on payroll we issue to Covered Employees subject to your having provided us the funds to do so as part of your payment obligations. We have not undertaken responsibility to pay for any benefits for Covered Employees.

Equity-based compensation. In accordance with FASB you have the exclusive right to grant stock options to Covered Employees (they are not eligible to participate in any equity-based or incentive compensation or plan of ours) and to determine the economic value of their labor including compensation levels and the number and value of options

granted. You will pay any compensation for Covered Employees relating to equity-based compensation that should be reflected on a W-2 through our Covered Employee payroll (they will be subject to legally-required deductions and withholdings). You are responsible for any matter arising out of or relating to any stock option, equity-based, or incentive plan of yours.

Mandated benefits. Unless otherwise explicitly required of PEOs by law, you (not we) will be deemed the employer of Covered Employees for purposes of employer shared responsibility provisions of the Affordable Care Act and any other law requiring an employer to provide a health, welfare, retirement, leave (paid or otherwise), fringe, or other benefit, although you may be able to satisfy such requirements through our Services.

State-mandated disability. To avoid potentially conflicting filings, if you utilize Covered Employees in a state that mandates disability plans you agree not to sponsor a disability plan for Covered Employees without our consent.

Our health and welfare benefit plans. If Covered Employees participate in a health and welfare plan we sponsor:

You are responsible for compliance with requirements of the Affordable Care Act and any similar law which apply at the level of your group including: Determining if you are an applicable large employer; Determining whether to offer coverage and at what level and what participant contributions will be, and paying any penalties or assessments including employer shared responsibility penalties or assessments; Designating new hires that you expect to be full time for eligibility purposes; Advising us of any measurement or stability periods in effect immediately prior to your group's participation in our plan; Determining whether you are subject to automatic enrollment requirements; Determining whether you are eligible for transition relief; Determining whether you are subject to state or federal COBRA or similar continuation requirements; Determining matters (such as plan years) relating to plans your group participated in prior to our plan; Advising us if you are part of a controlled group or affiliated service group and if so performing nondiscrimination testing with respect to your group; and Any other responsibility not expressly allocated to us under our Agreement.

We are responsible for compliance with requirements of the Affordable Care Act which apply at the level of the plan as a whole including: Reporting the value of coverage under our plan on W-2s issued by us; Providing initial and ongoing exchange notices; Tracking measurement, administrative, and stability periods once your group has begun participating in our health plan; Applying any medical loss ratio (MLR) rebates; Managing eligibility; Administering auto enrollment (if required); Performing nondiscrimination testing (except if you are part of a controlled or affiliated service group with members not using our Paychex HR PEO Service in which case you will be responsible for nondiscrimination testing for the group); and Providing 1094/1095 notices of coverage with respect to our plan for you to sign and file if you are a client of ours on 12/31 of the year following the reporting period and your group participated in

our plan during the reporting period. We may need historical data from you to perform some of these functions.

We are the purchaser of insurance for our plan. Our insurance providers may set requirements relating to matters such as group size, participation, and maximum employee contribution levels from time to time; if your group does not meet these requirements it may not qualify to participate in our health plan. If there are insufficient wages from which to deduct participating employee contributions you agree to pay them through termination of coverage (including after our Agreement or Paychex HR PEO Service terminate with respect to the final month of coverage which generally terminates at the end of the calendar month on or after termination). No money provided or fees paid by you will be deemed an employer contribution under our plan. When your group ceases participation in our health plan (which will not be later than the termination of our Paychex HR PEO Service), state and federal COBRA or similar continuation coverage will not be available under our plan to any members of your group (including people on COBRA continuation or eligible to elect it at the time group participation ceases); if you are subject to state or federal COBRA or similar continuation requirements you agree to obtain continuation coverage (whether using a policy issued to you or otherwise, including under another Professional Employer Organization's plan) and offer it to every person actively on or eligible to elect COBRA or similar continuation.

You will determine and notify us if an otherwise eligible employee not actively at work is entitled to continue benefits under a leave law such as the FMLA and provide substantiation for your determination if we request it. You will be responsible for any consequences arising from or in connection with a carrier determination that benefits are not payable because an employee was not entitled to continue benefits at the time a claim arose.

Payroll tax credits under our EIN. If you request that we file for payroll tax credits on your behalf that are claimed through our tax returns: Though we may assist you, you are solely responsible for determining your eligibility. You warrant your eligibility and the completeness, accuracy, and adequacy of all supporting information including information in our payroll systems. You agree to fully and timely cooperate with us in claiming credits and responding to taxing authority inquiries, investigations, audits, and enforcement actions, and will retain and make available all documentation supporting claiming credits. We have complete discretion as to whether to file for credits (we are not obligated to do so). We make no warranties, including as to whether or when the taxing authority will grant credits. You will unconditionally save, hold harmless, and indemnify us for all matters arising from or in relations to credits. We may require you to provide substantiation, sign additional contractual and other documents, pay fees, and meet deadlines among other things as conditions to our filing for credits. We may deduct any amounts you owe Paychex and any Paychex affiliate from any credits received. We will not advance any credits that have not been provided by the taxing authority. If the taxing authority disallows credits we are not required to appeal and you will immediately remit to us the amount disallowed and any penalties or interest assessed. This paragraph will survive termination of our Agreement.

## How our Paychex HR PEO Service relates to your business

Operational decisions. We may discuss operational decisions with you, but you make all operational decisions regarding your business. You are responsible for products and services your organization provides and for the actions and omissions of your organization and its agents.

Regulated businesses. Your customers are not our customers; we will not have access to your information about them or participate in your service to them. If you or a Covered Employee are subject to a licensing, registration, bonding, insuring, or other industry or profession regulation-related requirement we do not participate in or control the regulated activity (for example, if you are a law firm we do not have any involvement in or control over your practice of law). We do not share in commissions or other compensation you receive for regulated activity. If you are a governmental entity or a government contractor we have not been contracted to provide labor pursuant to your government contract or otherwise perform any part of your government contract and we do not become a government contractor or subcontractor or agree to be bound by the rules governing government contractors.

Laws affecting you. You are responsible to comply with laws relating to your control over your business and Covered Employees including applicable laws relating to discrimination, harassment, retaliation, benefits you provide or are required to provide, child labor, wages and hours, wage statement contents, time off and restoration to work, disabilities (including providing reasonable accommodations and engaging in interactive processes), qualification to work in the United States, licensing, registration, bonding, and similar requirements applicable to your business and employees, privacy (including biometric privacy) and personal data requirements, posting or otherwise giving notices required to be given by law, worksite safety, matters governed by the National Labor Relations Act (NLRA), warning of layoffs and providing retraining under the WARN Act and similar laws, accommodating religious or comparable moral practices, pay equity laws including disclosure requirements, laws relating to your recruitment and hiring process, and complying with laws providing for legally-protected leave such as the FMLA and USERRA and mandatory paid or unpaid leave (you will be the employer or primary employer for purposes of such leave laws). You are responsible to provide all equipment, training, and working facilities for Covered Employees and comply at your own expense with all safety, disability, and other laws applicable to your business, operations, and worksites. You agree not to retaliate against any Covered Employee for exercising rights under workers' compensation or other law. You are responsible for anything that arises under the Mine Safety and Health Act.

OSHA compliance. You are responsible for compliance with occupational safety and health law relating to Covered Employees such as maintaining safe workplaces in compliance with law, satisfying requirements under OSH general duty clauses, completing OSH logs and reporting to OSH agencies (state and federal), investigating accidents, detecting and remediating hazards, providing protective equipment and safeguards, providing training, maintaining safety committees and meetings, and

maintaining any required programs or plans. If our loss control staff make recommendations relating to occupational safety compliance you agree to notify us if you choose not to follow them. You will give our loss control staff and representatives of our insurers reasonable access to your worksites and records at mutually agreeable times. Although our staff may make recommendations, assist you in investigations, and provide resources such as training and safety plan materials to help you meet your obligations, we assume no responsibility or liability and make no warranty in this regard (for example, we cannot guarantee that complying with our recommendations will result in your being found compliant with laws or achieve or avoid any other particular result or that we will identify all violations or hazards).

Unions. If Covered Employees are represented by a union, seek to be represented, or otherwise engage in concerted activity pursuant to the NLRA, you are responsible for all such matters including elections, bargaining, fulfilling your obligations under collective bargaining agreements, contributing to union benefit plans, and unfair labor practice claims. We do not undertake responsibility to provide HR advice with respect to matters covered by a collective bargaining agreement or subject to collective bargaining. We have not been retained to provide services relating to persuader activities. We will not remit funds to unions or union plans and no money in our possession will be deemed to belong to a union or union plan; we will credit you for applicable deductions you instruct us to take so you can remit them.

HR recommendations. If our HR staff make recommendations relating to compliance you agree to notify us if you choose not to follow them and by not following them you waive any EPLI coverage we may provide for any matter arising from or relating to the subject of the recommendations. You may request that our senior HR staff review recommendations. HR recommendations and advice are not legal advice or legal opinions. We cannot guarantee that complying with our recommendations will result in your being found compliant with laws or achieve or avoid any other particular result.

Insurance you purchase. We only undertake to maintain the insurance described in our Agreement and our Agreement is not a contract of insurance. You are responsible to maintain any insurance and bonding you deem appropriate or that is required for your business. You agree at a minimum to maintain, and on our reasonable request provide certificates of, commercial general liability, vehicle liability (if any Covered Employee operates a vehicle in the course of employment), and professional liability (if applicable to your business), each with not less than \$1 million/claim limits, and provide us certificates of insurance on our reasonable request. We suggest you name us as an additional insured on your policies so that they may mitigate indemnification obligations. Availability and limits of insurance will not affect obligations under our Agreement.

Unemployment taxes/contributions. SUTA surcharges, special assessments, training fees, retroactive charges, and other amounts imposed on us by law in addition to unemployment taxes as a result of or in connection with reporting unemployment contributions relating to Covered Employee payroll will be passed through to you and your responsibility to pay, including after our Agreement terminates. In FUTA credit reduction states (where the state has not timely repaid a federal unemployment

compensation loan or repayment is in question) surcharges will be added to offset FUTA credit reductions. In states where unemployment taxes are reported to your account an administrative charge based on SUTA taxable wages will apply, and you agree to give us or our third party vendor unemployment powers of attorney, your most recent rate notices, and any other documents and authorizations we reasonably request in order to perform our unemployment-related Paychex HR PEO Service functions on or before the date our Agreement takes effect and as appropriate thereafter; we cannot process unemployment claims or report at an accurate rate without them (until you provide all such documents for a given state we may invoice you assuming the maximum rate and will not provide a refund if you later provide different information).

FICA tax tip credit. We will claim the federal “Credit for Employer Paid Social Security and Medicare Taxes Paid on Certain Employee Tips” net of the effect of the nondeductible expense for FICA related to tips (commonly referred to as the FICA tax tip credit) with respect to wages we issue for Covered Employees who customarily receive tips from customers for providing, delivering, or serving food or beverages in accordance with the tips you report to us (to avoid duplication you will not file for the credit and will report all tips to us). If you report tipped wages to us for Covered Employees we will calculate the FICA tip credit available as of the end of each calendar quarter in our business judgment and in accordance with our processes issue you a credit against our invoices (not cash) equal to a portion of the available FICA tip credit associated with the tipped wages you report provided you are actively our PEO client and current in all your obligations to us on the date we issue the credit.

Employment tax wage base restarts. If our PEO Service takes effect in a given federal or state taxing jurisdiction other than on January 1 of a calendar year we may be able to recognize wages already paid by you or on your behalf toward the wage bases and cutoffs applicable to certain employment taxes such as FICA, FUTA, and SUTA. If you do not both ask us to do so and provide us the information we need to recognize payments prior to our first issuance of payroll we may not restart the wage base(s), and you may be invoiced accordingly including with respect to cutoffs. We may later file for refunds recognizing wages paid by you or on your behalf prior to our PEO Service taking effect; if such refunds are granted we will retain them and the amounts invoiced to you will not be adjusted.

## When our Paychex HR PEO Service begins and ends

Paychex HR PEO Service Term. Our Paychex HR PEO Service takes effect on the first day of the first period for which we issue PEO payroll. Until then we will have no obligations relating to our Paychex HR PEO Service. Our Paychex HR PEO Service has the initial Term, and will automatically renew for renewal Terms, indicated on the Signature Packet or Service Agreement Initiation Request and will remain in effect until terminated as provided in our Agreement. Our Paychex HR PEO Service will terminate on the last day for which we are responsible for Covered Employee payroll (not, for example, the date on which you pay us or the last paycheck date). We have no responsibility in connection with our Paychex HR PEO Service for any matter to the

extent arising after our Paychex HR PEO Service terminates (including insurance, taxes, wages, and benefits) and our co-employment relationship with Covered Employees ends not later than when our Paychex HR PEO Service terminates. If you do not pay us all amounts due when due, our Paychex HR PEO Service will be deemed terminated by you as of the last payroll ending day on which you were fully paid up or such later day as we consent to in our discretion, subject to reinstatement in our discretion.

Termination for convenience. You can terminate our Paychex HR PEO Service for convenience effective as of the last day of any Term by giving us at least the written notice specified on the Signature Packet or Service Agreement Initiation Request so we can implement an orderly wind-down. When you terminate our Paychex HR PEO Service other than for our material breach you agree to pay a transition fee in the amount indicated on the Signature Packet or Service Agreement Initiation Request based on unique worksite employees active in our system in the 90 days before termination (the "Termination Employee Count") but we will waive that fee if you give us at least the written notice specified on the Signature Packet or Service Agreement Initiation Request and fulfill all your obligations to us incurred through the notice period. We can terminate our Paychex HR PEO Service and Agreement (together or separately) on 30 days notice to you.

Early termination fee. Our fees assume that you will remain our PEO client for entire Terms. If our Paychex HR PEO Service terminates prior to the end of a Term, you agree to pay an early termination fee based on the Termination Employee Count times the amount per day shown on the Signature Packet or Service Agreement Initiation Request times the number of calendar days remaining in the Term after termination. However, the early termination fee will not apply if our Paychex HR PEO Service terminates because you terminate it: for our material breach or we terminate it for convenience, material adverse change, or changes in law which adversely affect our relationship, in each case provided you fulfill your obligations to us incurred through the end of the notice period (if applicable) or the date of termination if no notice period applies.

Termination for breach. Either you or we can terminate our Paychex HR PEO Service for material breach by written notice reasonably identifying the breach (we will have 15 days from receipt of your notice to cure any breach, and if you do not identify the breach in your initial termination notice you will not be deemed to have terminated for our material breach including if you later seek to supplement the notice). If we terminate for your material breach termination takes effect immediately unless we in our sole discretion consent to a later termination date (breach will not be deemed waived if we do so). We can also terminate our Paychex HR PEO Service immediately by written notice if you experience a material adverse change in condition (financial or otherwise), or because of changes in law that adversely affect our relationship.

Fees due as a result of termination. If you incur early termination fees, transition fees, or any other fees pursuant to your obligation to give notice or keep our PEO Service in effect through an agreed period: Such fees are due and payable as soon as they can be

ascertained; If we collect amounts due from you via ETF (for example if we ACH your account) for ordinary course payments you authorize us to do so for such fees both before and after our PEO Service terminates; We may include such fees on your invoices for PEO Service or other Services, you cannot elect to pay other amounts on the invoice and not pay such fees even if you dispute them; Failure to pay, authorize, or allow payment of such fees will be a breach of our Agreement; and As a limited exception to any other dispute resolution provisions in our Agreement, the parties agree that any dispute over such fees will be resolved exclusively by binding arbitration as follows. Arbitration will be conducted by AAA, JAMS, or another mutually agreeable neutral arbitration service. Arbitration will be in person and venued in West Palm Beach, Florida. The arbitrator will follow the rules of the applicable arbitration service, but if the provisions of this agreement to arbitrate are inconsistent with such rules these provisions will control. The arbitrator will issue a reasoned written decision based only on the facts adduced in the proceeding, and applicable law (not, for instance, on the basis of general considerations of fairness or equity). The arbitrator may grant summary disposition. The arbitrator will accept the validity of our Agreement as written and not allow challenges to the legality or enforceability of the provisions giving rise to the fees at issue. The arbitrator will award the prevailing party its costs including costs of enforcement and reasonable attorney fees at all levels. The arbitrator's award will be enforceable in any court.

Post-termination. When our Paychex HR PEO Service terminates there may be things you or we have to do to fulfill obligations already incurred (for example, we will provide Covered Employees W-2s for wages we issued during the year). These things will not extend the Paychex HR PEO Service termination date. We will not be responsible for any additional Paychex HR PEO Service after our Paychex HR PEO Service terminates; you will be responsible for all matters relating to former Covered Employees including pay, benefits, taxes, accrued leave (paid or unpaid) and other accrued benefits or incidents of employment, and workers' compensation. When our Paychex HR PEO Service terminates you will immediately notify your workforce of termination of the relationship with us and that we are no longer providing workers' compensation or any other insurance, benefits, or payroll, and we may also notify them.

Effect of termination on other insurance and Services. Termination of our PEO Service may not automatically terminate other products and Services you purchased through Paychex affiliates and third party service providers. If you purchased an insurance policy through Paychex Insurance Agency, termination of our PEO Service will not terminate the policy though if payment facilitation or other assistance (such as reconciliation or COBRA administration) was being provided in conjunction with our PEO Service that assistance will terminate and you will be responsible to make direct payments and otherwise replace that assistance.

## Information and cooperation

Information generally. You agree to provide us accurate, complete, and timely information that we reasonably request to perform this Service, for administration of

benefits plans we sponsor, and to comply with law, including after our Agreement terminates, and you agree to update such information promptly when it changes; we may rely on it without the need to further verify it. You agree to report and pay for all taxable compensation for employment and all compensation that would be reported on a W-2 to Covered Employees through our service within timeframes we mutually confirm with you and in accordance with law, and to provide us all data elements we need to make payroll-related calculations and otherwise perform our Services or comply with law (including updating the data as appropriate). If you provide us calculations or summed data (for example, if your timekeeping system performs overtime calculations or feeds us hours worked in a way that does not allow us to identify hours to work weeks or other periods necessary for calculation purposes) you are responsible for any consequences of our reliance on them. You will determine and notify us of each Covered Employee's entitlement to or exemption from overtime and any other information we need to run their payroll. You will identify the workers' compensation code describing each Covered Employee's work, which must be a code on a current pricing exhibit to our Agreement; additional codes may be added with our consent and will be priced separately. If a Covered Employee has been miscoded we can adjust the fees charged with respect to the Covered Employee both prospectively and retroactively to reflect the proper code (this does not waive any breach of our Agreement caused by such misclassification or require us to accept Covered Employees in codes we did not approve). If information you report to us is noncompliant with law (for instance, if you instruct us to pay less than the applicable minimum wage or do not instruct us to include legally-mandated leave accruals) we may, but are not required to, refuse to process payroll or adjust information in accordance with the minimum requirements of law and invoice you accordingly. By doing so or not doing so we do not assume your responsibility to comply with law. We are not required to extend you credit and if we release Covered Employee payroll before you have paid us amounts due in connection with it, it will not be considered a loan to you. You agree to submit new hire documentation within three days of hire (however an employee will not be a Covered Employee until, among other things, we have received their new hire documentation), keep Covered Employee information up to date, and notify us within two days of employee separation using our designated forms (fees may be charged for late reporting). We will confirm with you the cycle on which payroll information and payment must be submitted. If you report no pay for a Covered Employee active on our system for a pay period a charge will apply. Paychex HR PEO Service invoices are generally generated using information or instructions you supply; by actively or passively approving us to run a payroll (including by committing it in our system); once a payroll is approved you represent and confirm that all elements of the payroll, pay stub or similar record, and related billing are correct and assume responsibility accordingly. You warrant that information you provided to us in the course of our client acceptance process including any underwriting information or information submitted through a portal prior to entering into our Agreement was complete, accurate, and not misleading as of the date our Paychex HR PEO Service took effect.

Anything in our Agreement to the contrary notwithstanding, any information that is provided to us to perform our PEO Service (such as information provided to us to run payroll), any information generated or created by us in the performance of our PEO

Service (such as records of payroll we issue), any information relating to taxes and government reporting under our name or tax identification numbers with respect to our PEO Service, and any information relating to insurance issued to us or benefit plans sponsored by us in connection with our PEO Service will be our information and not Client Confidential Information. Though we may provide you access to some such information (for instance, in reports we make available) we have no obligation to provide such information to you, to limit our use and dissemination of it, or to alter or delete it except as may be required by law.

Reporting. To the extent a government agency requires that PEOs rather than their clients submit reports with respect to Covered Employees you agree to timely provide us all information we need to complete such reports. To the extent PEOs are not required to submit such reports with respect to Covered Employees you will be responsible for filing your own reports though we may assist you, for instance by providing information to you.

Unemployment claims. You agree to respond to requests for information and documents from us or third parties we retain to assist with unemployment claims so that responses to unemployment claims and related agency communications can be submitted within the time limits set by law (penalties can be imposed by state agencies for not providing timely, complete, or accurate responses which we will pass through to you if you did not respond timely, completely and accurately, and we may charge fees if benefits are granted against our state unemployment tax account as a result of your not responding timely, completely, or accurately). In states where unemployment taxes are reported to our account you agree to cooperate with us to contest claims against our account, including by testifying in hearings, unless we determine they should not be contested, including after our Agreement terminates.

Opening and closing worksites. If you open, acquire, or close a worksite where Covered Employees work you agree to notify us at least 30 days in advance or, if that is not possible, as soon as possible. If you experience a closing or mass layoff as governed by the federal WARN Act or similar law, you will notify us at least 65 days in advance or if that is not possible, as soon as possible and comply with the WARN Act and any other applicable law relating to the closing or layoff.

Changes in ownership and corporate form. If your ownership or corporate form changes (for example, from a corporation to an LLC) you agree to advise us reasonably prior to the change becoming effective; it may affect our Services, reporting to government agencies, and benefit plans.

Governmental and private actions. If you become aware of an actual or threatened governmental or private action, complaint, inquiry, or investigation of any kind relating to Covered Employees, their benefits, wages, occupational safety, or employment taxes, or their terms and conditions of employment, you agree to contact your HR representative as soon as reasonably possible and keep us informed on an ongoing basis.

## Workers' compensation

Workers' compensation provided by us. If we are responsible under our Agreement to provide workers' compensation coverage for Covered employees:

We will provide workers' compensation coverage (but not any other form of worker injury coverage such as Longshore and Harbor Workers Protection Act, Jones Act, or [ELA) in the United States from a carrier licensed where Covered Employees work and written on a form appropriate for PEOs under applicable law. Claims will be administered by licensed third party administrators.

We do not undertake to provide workers' compensation for anyone other than Covered Employees, however, if we are required by law or legal process (or alleged to be) to provide workers' compensation coverage for anyone working for you who is not a Covered Employee such as your independent contractors or held or alleged to be liable for not doing so you will save, defend, hold harmless, and indemnify us for, and bear all costs of complying with, such legal requirements and claims, actions, allegations, and investigations relating to them (including reasonable attorney fees), and provide us the information, funds, and cooperation we need to comply.

If a Covered Employee is injured at work, even if the injury is small or the Covered Employee does not want medical care, you will have a manager notify us as soon as possible using the toll-free number we designate. A late fee will be charged if notice is given more than 48 hours after the injury. You agree to provide Covered Employees modified duty assignments consistent with workers' compensation return to work releases if reasonably available, including after our Agreement terminates.

Monopolistic jurisdictions. In monopolistic jurisdictions you agree to obtain and maintain workers' compensation coverage as required by law regardless of whether we are otherwise responsible for providing it (i.e. in non-monopolistic jurisdictions) under our Agreement. We will report under your policy as required of a PEO by law and you are responsible for all other aspects of compliance with workers' compensation law and your policy.

Servicing monopolistic policies. If we are responsible for providing workers' compensation or you are responsible for providing workers' compensation coverage and have obtained such coverage through Paychex Insurance Agency outside of monopolistic jurisdictions, and a charge is included in our invoices to you for servicing your monopolistic jurisdiction policy, then we will service your monopolistic jurisdiction policy as follows: (1) You agree to authorize us to access your account using a state-approved forms (we are not responsible for any function we cannot perform because you have not provided authorization); (2) We will invoice you for amounts equal to monopolistic policy premium based on Covered Employee wages issued by us at the rate set by the carrier (until we have access to your account such that we can confirm the rate we will invoice you at an assumed rate and true-up once the actual rate is ascertained) and, provided you are current in all your obligations to us, remit an equal amount to the carrier; (3) You authorize us to share ministerial information with the

carrier relating to your policy such as changes in Covered Employee class codes and address changes (but we undertake no obligation in this regard); (4) We will charge you an administrative fee (nonrefundable) calculated as a percentage of premium on Covered Employee wages; (5) We will respond to carrier audit information requests with information in our possession however we do not guarantee the result of or undertake to contest audits and if additional premium is determined to be owed for any reason whether or not in connection with an audit you are solely responsible for paying it; and (6) We may in our discretion include information about wages you paid other than Covered Employee wages (for instance if you paid wages before our PEO Service took effect during in a reporting period) in our reporting, you are solely responsible for any premium or compliance requirement relating to such wages. We can terminate our servicing of your policy at any time, and in any event it will terminate not later than when our PEO Service terminates. Upon termination we will no longer perform any functions relating to servicing your policy and you assume all responsibilities with respect to your policy. If our servicing of your policy terminates on a date other than a date for which periodic reporting or remittance to the carrier is required (for instance, if a report and remittance is required as of the last day of the quarter ending 12/31 and our PEO Service terminates on 12/15) we will not file a report for the period (you are responsible for reporting and remitting) and, provided you are current in your obligations to us, we will refund you an amount equal to the premium on Covered Employee wages we invoiced and you paid us for that period (but not any administrative fees based on such amount).

Other worker injury coverage. If your business is subject to worker injury coverage requirements other than workers' compensation, such as Longshore and Harbor Workers Protection Act, Jones Act, or [ELA, you must provide that coverage at your sole expense, name us as additional insureds, and defend, hold harmless, and indemnify us for any actions, allegations, or investigations relating to claims under those worker injury coverage requirements.

Workers' compensation provided by you. If you are responsible under our Agreement to provide workers' compensation coverage for Covered Employees: You agree to obtain and maintain at your sole expense legally-compliant workers' compensation coverage (both Part A and Part B) for all Covered Employees, from carriers admitted in the jurisdictions where Covered Employees work, with limits not less than the greater of statutory minimums or \$1,000,000/\$1,000,000, and you will retain licensed third party administrator (TPA) services to administer claims under your policies; You cannot self-insure or elect not to be covered; You will name "Paychex, Inc. and its subsidiaries at all levels and affiliates" or another designation approved by our Risk department on your workers' compensation policy on a NCCI or state-approved form applicable to PEOs (generally by endorsement as additional insureds or insured labor contractors); The parties intend that if you are responsible for providing workers' compensation we will have fulfilled any legal obligation to provide workers' compensation to Covered Employees, and that we and you both enjoy the protection of the exclusive remedy of workers' compensation for claims by Covered Employees; If for any reason the insurance to be provided by you under this provision fails to defend and indemnify us in any workers' compensation claim (including Part A and Part B claims) by a Covered

Employee, or if we are alleged or found not have provided workers' compensation coverage or to not be entitled to the exclusive remedy of workers' compensation you will unconditionally defend, hold harmless, and indemnify us and our workers' compensation carrier and TPA, including for reasonable attorney fees, with respect to such claim, investigation, allegation, or other matter and anything arising from or related to it; You will provide us certificates of insurance showing compliance with your obligations and provide copies of your policies on our reasonable request; You will be solely responsible for funding all premiums, deductibles, retentions, broker fees, collateral, deposits, security requirements, fixed costs, TPA fees, taxes, assessments, and any other fees or costs associated with the coverage to be provided by you; Your choice of carrier and TPA, terms of coverage such as deductibles and exclusions, and the form by which we are covered by your policy must be acceptable to us; If you fail to provide coverage or proof of coverage complying with your obligations we may, but are not required to, purchase such coverage at your expense.

## Jurisdiction-specific provisions (Paychex HR PEO Service)

Provisions are included in this section to comply with the laws of specific jurisdictions if applicable and apply to our Paychex HR PEO Service within those respective jurisdictions. If we undertake responsibility for something in the jurisdiction-specific provisions that we do not undertake elsewhere in the Terms of Service, as between you and us the different allocation of responsibility in the jurisdiction-specific provisions will be disregarded for purposes of indemnification. We reserve a right of direction and control over Covered Employees and the right to hire, terminate, and discipline Covered Employees to the extent expressly required in PEO relationships by applicable law (to the extent not inconsistent with provisions elsewhere in the Terms of Service, FL Admin. Code 61G7-6.001(7) will apply to interpretation of jurisdiction-specific provisions complying with such requirements regardless of the jurisdiction in which they are required) and then only to the extent necessary, if any, to fulfill our obligations under our Agreement (this does not imply that we exercised such rights in a given situation and does not make us responsible for doing so or not doing so, including for purposes of indemnification), and you exercise direction and control over Covered Employees and the right to hire, terminate, and discipline them including that necessary to conduct your business, discharge any fiduciary responsibilities, or comply with applicable licensure, regulatory, or statutory requirements. You exercise your direction and control of and other rights regarding Covered Employees at all times and are responsible for the consequences of doing so. Where we are required by law to assume a responsibility without regard to payment by you, that provision is not for your benefit (you cannot enforce or rely on it in the event of your breach) and does not relieve you of your responsibilities under our Agreement; it is included to comply with jurisdictional requirements.

Alabama. You and we have a right to hire, discipline, and terminate Covered Employees subject to the terms of any applicable collective bargaining agreement. We assume responsibility to pay wages, collect, withhold, report, and remit payroll-related and

unemployment taxes to the extent you have funded them, provided “wages” does not include any obligation between you and a Covered Employee for payment beyond the Covered Employee’s salary, draw, or regular rate of pay (such as bonuses, commissions, severance pay, deferred compensation, profit sharing, vacation, sick, or other paid time off pay).

Alaska. You consent to your having control of Covered Employees as provided in our Agreement.

Arizona. We will make payment for employee benefits for Covered Employees to the extent expressly required of us in our Agreement. For purposes of our obligation to pay wages of Covered Employees, wages do not include obligations between you and a Covered Employee that exceed a Covered Employee’s salary or that constitute bonuses, commissions, severance pay, deferred compensation, profit sharing, or other paid time off pay. Both you and we have a right to hire, terminate, and discipline Covered Employees. The responsibility to obtain workers’ compensation coverage for Covered Employees from a carrier licensed to do business in Arizona is ours and we agree to maintain it and provide to you at the termination of our Agreement (if you request it) records regarding the loss experience, related to the workers’ compensation insurance provided to Covered Employees, unless the parties have executed an agreement to the contrary (which may include the Signature Packet or Service Agreement Initiation Request). You are responsible for compliance with the Legal Arizona Workers Act (“LAWA”) and represent that you have complied with LAWA with respect to every employee in Arizona you submit to be a Covered Employee.

Arkansas. We do not assume responsibility to make payments for employee benefits for Covered Employees. We will maintain records regarding the premium and loss experience related to workers’ compensation insurance provided by us to Covered Employees and if requested by you at or within a reasonable time after termination of our Agreement, we will provide such records to you (if we cannot you can obtain it from our insurer). While our Agreement is in effect and for 90 days thereafter, you may on reasonable request receive records regarding payroll, workers’ compensation coverage, losses and claims, and employee benefits provided our Agreement, and we may charge a reasonable fee for providing them.

California. We do not have the right to control management of workers’ compensation claims; if we provide workers’ compensation for Covered Employees our insurers and/or TPAs will manage claims. You are responsible for paying state assessments levied as a result of your workers’ compensation experience modification. You are responsible for maintaining the working environment and equipment for Covered Employees in a safe, hazard-free manner and as required by law. You represent that all Covered Employees will at all times be covered by an injury and illness prevention program (IIPP) that complies with law. You have control over access to your worksites; we cannot enter your worksites without your permission. If we make recommendations or provide training or undertake any other activity relating to worksite safety, we do so as part of our internal risk management processes, not as a service we charge for, and by doing so (or not doing so) we do not undertake any liability or responsibility for worksite safety, which remains your sole responsibility. We cannot make any modifications to your

worksites or equipment used by you or provide personal protective equipment (PPE). Pursuant to California Labor Code Section 2810.3 (prohibiting shifting liability for payment of wages and workplace safety violations, among other things, to a labor contractor) all civil legal responsibility and civil liability for payment of wages and workplace safety violations remains with you and is not shifted to us. You are responsible for compliance with the Private Attorney General Act (PAGA) and for any matter for which damages could have been avoided in whole or in part had you used a weekly pay frequency or that could have been remediated following your receipt of a PAGA notice. For purposes of information subject to the California

Consumer Privacy Act as amended (CCPA) with respect to Covered Employees you are a business and we are a service provider, accordingly we will not retain, use, or disclose personal information for any purpose (including a commercial purpose) other than to perform Services or as otherwise permitted by our Agreement or the CCPA or other applicable law and you are responsible for employee notifications and responding to employee requests. You consent to our applying our standard document retention, privacy/security, and other data and access use policies to information covered by the CCPA and agree that we may freely use and retain information in our possession in anonymized/de-identified form. The Paychex Services Agreement Addendum for California Consumer Privacy Act, as it may be amended from time to time (available at [go.paychex.com/ccpa](http://go.paychex.com/ccpa)), is incorporated into our Agreement.

Colorado. You agree to obtain a signature on our Employee Acknowledgments from each person you submit to us to be a Covered Employee, which will constitute that person's consent to co-employment. We will maintain employee records relating to Covered Employees that we generate, and you will maintain any records you generate and/or that are not maintained by us. Covered Employees will be assigned to your locations. We retain the right to set Covered Employees' rates of pay which will be at least the minimum required by law. We have the right to provide for the welfare and benefit of Covered Employees through such programs as professional guidance including employment training, safety, and compliance matters. We will comply with all provisions of Colorado law that apply to large employer health plans (where applicable to our plans). You and we share responsibility for addressing Covered Employee complaints, claims, or requests that relate to employment and our Paychex HR PEO Service (you will notify our HR department of any such matters and cooperate with us in their resolution), subject to allocations of responsibility in our Agreement. You are responsible for policies and procedures related to the conduct of the work that leads to the conduct of your business and the production of its goods and services. Assignments of Covered Employees are intended to be long-term, not temporary.

Connecticut. You agree to obtain signed Employee Acknowledgments from each person you submit to be a Covered Employee. You will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to your business activities and are solely responsible for the acts, errors, or omissions of Covered Employees with respect to such activities. Neither party will be liable for the acts, errors, or omissions of the other or any Covered Employees when acting under the other's express direction and control, and you acknowledge that you expressly direct

and control Covered Employees at all times. You are solely responsible for the quality, adequacy, or safety of the goods or services produced or sold by your business. We will make payment for Covered Employee benefits to the extent, if any, that we have assumed responsibility in our Agreement.

Florida. You warrant and represent under penalty of perjury that as of the inception of our Paychex HR PEO Service you are not delinquent in the payment of any fees owed to a PEO/employee leasing company or premium owed to a workers' compensation insurer that is not subject to dispute. We assume responsibility for the payment of wages for work as a Covered Employee, and full responsibility for payment of payroll taxes and collection of taxes from payroll on Covered Employees, without regard to payment by you. We retain a right of direction and control over the management of safety, risk, and hazard control at your worksites affecting Covered Employees, including responsibility for performing safety inspections of your equipment and premises and for the promulgation and administration of employment and safety policies. We and our assigns may conduct an annual onsite physical examination of your worksites. We retain the authority to hire, terminate, discipline, and reassign Covered Employees, however, you have the right to accept or cancel any such assignment to you. We will give Covered Employees written notice of the relationship between us and you. We and our assigns have the right to conduct onsite physical examinations of your operations including after our Paychex HR PEO Service terminates to aid in the determination of proper workers' compensation classifications of Covered Employees and to aid in determination of payroll amounts paid to Covered Employees (see Rule 61G7-12.001, F.A.C. and 440.381 F.S. and rules promulgated thereunder). You and we agree and intend that we will have the ability to avoid liability for tortious actions of employees including Covered Employees to the fullest extent allowed by law pursuant to Title XLV, Chapter 768.098 F.S., pursuant to which, you have absolved us and we are expressly absolved of control over day-to-day job duties of Covered Employees and actual control over job sites, and you are required to report complaints, allegations, or incidents of any tortious misconduct or workplace safety violation by Covered Employees to our HR representative. Pursuant to 448.095(2)(f) F.S., our Agreement constitutes your written agreement and understanding that you, not we, are primarily responsible for, and you further undertake sole responsibility for, compliance with 448.095 F.S. (which relates to employment eligibility verification through the federal E-Verify system) with respect to Covered Employees.

Hawaii. Pursuant to Hawaii Revised Statutes 373L-B, as the employer of Covered Employees we, not you, are solely responsible for complying with all laws relating to unemployment insurance, workers' compensation, temporary disability insurance, and prepaid healthcare programs with respect to Covered Employees.

Idaho. We retain the authority to hire, terminate, discipline, and reassign Covered Employees, however, you have the right to accept and cancel any such assignment to you and are responsible accordingly. We will provide written notice of the relationship between you and us to Covered Employees. You agree to post the following notice in a visible and conspicuous manner at your work sites: "This notice is posted pursuant to Title 44, Chapter 24 Idaho Statutes. The operator of this work site has contracted with

Oasis Outsourcing, LLC, Paychex Business Solutions, LLC, or their affiliates for provision of professional employer services including processing of payroll and obtaining workers' compensation coverage for certain employees. Any questions in this regard should be directed to the operator of this work site. Oasis Outsourcing, LLC, Paychex Business Solutions, LLC, and their affiliates may be contacted at 2054 Vista Parkway, Suite 300, West Palm Beach, FL 33411."

Indiana. We will maintain and provide to you at your request at termination of our Paychex HR PEO Service records regarding loss experience related to workers' compensation coverage provided by us. You will defend, hold harmless, and indemnify us for any matter relating to your state unemployment account for which we may be charged as a successor.

Kansas. While our PEO Service is in effect a majority of employees of yours in Kansas must be Covered Employees and at least half of your payroll in Kansas must be attributable to Covered Employees. Except as otherwise provided in K.S.A. 44-1701 through 44-1711 and amendments thereto or in our Agreement you are entitled to, and do, exercise all rights and are obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship with respect to Covered Employees. We are entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by the provisions of K.S.A. 44-1701 through 44-1711 and amendments thereto or in our Agreement, and our rights, duties and obligations with respect to any Covered Employee are limited to those arising pursuant to our Agreement or as required by the provisions of K.S.A. 44-1701 through 44-1711 and amendments thereto with respect to Covered Employees. You retain the exclusive right to direct and control Covered Employees as is necessary to conduct your business, to discharge any of your fiduciary responsibilities, or to comply with any licensure requirements applicable to you or to Covered Employees. In addition to your right to hire, discipline and terminate Covered Employees, we have a right to hire, discipline and terminate a Covered Employee only as may be necessary to fulfill our responsibilities under the provisions of K.S.A. 44-1701 through 44-1711 and amendments thereto or our Agreement. For purposes of any obligation of ours to pay Covered Employee wages, "wages" do not include any obligation between you and a Covered Employee for payments beyond, or in addition to, the Covered Employee's salary, draw, or regular rate of pay (for example bonuses, commissions, severance pay, deferred compensation, profit sharing, or vacation, sick, or other paid time off pay are not "wages") and we have not agreed to assume liability for such payments. We will provide and you will post the notices required by K.S.A. 44-1707(e) in a conspicuous place at your worksite(s). We agree to provide written notice to each Covered Employee pursuant to K.S.A. 44-1707(e). You are solely responsible for the quality, adequacy or safety of the goods or services produced or sold in your business and for directing, supervising, training and controlling the work of Covered Employees with respect to your business activities and solely responsible for the acts, errors, or omissions of Covered Employees with regard to such activities.

Kentucky. Pursuant to KRS Chapter 336: We have not assumed responsibility to make payments for employee benefits for Covered Employees as a result of the outsourcing

of payroll duty by you to us; We have a right to hire, discipline, and terminate a Covered Employee but only to the extent (if any) necessary fulfill our obligations under KRS Ch. 336 and our Agreement; You have the right to hire, discipline, and terminate Covered Employees and have the exclusive right to direct and control Covered Employees to conduct your business, discharge your fiduciary responsibilities, and comply licensure requirements applicable to you or Covered Employees; You are solely responsible for workplace safety and adequacy of goods and services produced or sold in your business, directing, supervising, training, retaining, and controlling the work of Covered Employees and for the acts, errors, and omissions of Covered Employees.

Louisiana. You retain control over your business enterprise and exercise direction and control over Covered Employees as to the manner and method of work done in furtherance of your business; authority and responsibility as to other employment matters, including but not limited to hiring, firing, discipline, and compensation, are allocated between you and us per the terms of our Agreement. Our Agreement is executed between the parties subject to the provisions of Part XXV of Chapter 1 of Title 22 and Part XII of Chapter 11 of Title 23 of the Louisiana Revised Statutes of 1950 and Revised Statute 22:1210.53.

Maine. You acknowledge that by our Agreement we have disclosed to you the services to be rendered, including costs, the respective rights of the parties, and that you may take complaints to the Maine Bureau of Insurance.

Massachusetts. We are entitled to enforce only such employer rights and subject to only those obligations allocated to us in our Agreement or as specifically required pursuant to applicable law including Chapter 149 of the General Laws, sections 192 to 203, inclusive (with respect to any Covered Employee, limited to those rights and obligations arising while a Covered Employee). You are entitled to enforce those rights and obligated to provide and perform employer obligations not so allocated or required. We have a right to hire and terminate Covered Employees as may be necessary to fulfill our responsibilities pursuant to sections 192 to 203, inclusive, provided that you have a right to hire, discipline, and terminate a Covered Employee. Responsibility for workplace safety, risk, and hazard control, including responsibility for disclosing information about workplace injuries and illness required by the federal Occupational Safety and Health Act and for performing workplace safety inspections of all premises where covered employees are employed is allocated to you. You, not we, will be responsible to file Fair Share Contribution Reports, Employer Health Insurance Responsibility Disclosure Reports, and any other reports relating to state-mandated health insurance with respect to Covered Employees.

Michigan. We have the right to hire, promote, reassign, discipline, and terminate Covered Employees but you retain all the rights and responsibilities granted elsewhere in our Agreement.

Missouri. Except as otherwise explicitly provided in our Agreement, you are entitled to exercise all rights, and obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship and you have a right to hire,

discipline, and terminate a Covered Employee. We are entitled to exercise only those rights and obligated to perform only those duties and responsibilities required under MO ST 285.700 to 285.750 (including a right to hire, discipline, and terminate a Covered Employee as may be necessary to fulfil our responsibilities under those sections and our Agreement) during the term of co-employment of a Covered Employee. Nothing herein creates any new or additional enforceable right of a Covered Employee against us that is not specifically provided by our Agreement or sections 285.700 to 285.750. With respect to any wages we are required to pay, we may not include in “wages” any obligation between you and a Covered Employee for payments beyond or in addition to the Covered Employee’s salary, draw, or regular rate of pay (excluded payments may include for instance bonuses, commissions, severance pay, deferred compensation, profit sharing, vacation, or sick or other paid-time off pay).

Montana. We assume responsibility for payment of Covered Employee wages, workers’ compensation premiums, payroll-related taxes, and employee benefits we provide from our own accounts without regard to payment by you. We retain the authority to hire, terminate, discipline, and reassign Covered Employees and you have the right to accept or cancel such assignment. Pursuant to the Montana Professional Employer Organizations and Group Licensing Act, Title 39, Chapter 8, Part 208 you have joint and several liability with us for any wages, workers’ compensation premiums, payroll-related taxes, benefits left unpaid by us and, in the event our license is suspended or revoked, this liability is retroactive to your entering into a contract with us. You are responsible for compliance with the Montana Safety Culture Act, Title 39, Chapter 71, part 15.

Nebraska. Employer responsibilities for Covered Employees, including those of hiring, firing, and disciplining, are shared between you and us as provided in our Agreement. Our Agreement is intended to be ongoing rather than temporary. You maintain such hiring and firing authority over Covered Employees so as to qualify for any tax incentives pursuant to the Invest Nebraska Act.

Nevada. If we are responsible for providing workers’ compensation to Covered Employees coverage does not take effect until the effective date designated by the insurer in the policy of workers’ compensation insurance; while the policy is in force we will pay all premiums required by the policy including, without limitation, any adjustments or assessments, and will be entitled to any refunds of premiums; the insurer from whom the policy of workers’ compensation insurance is obtained has the right to inspect your premises and records; your loss experience will continue to be reported in your name to the Commissioner and will be available to subsequent insurers upon request; you at all times are responsible for providing workers’ compensation coverage for any employees of yours that are not Covered Employees and must provide satisfactory evidence of such coverage to our workers’ compensation carrier.

New Hampshire. We assume responsibility for the payment of wages for work as a Covered Employee and any benefits due from us according to the terms of applicable plans without regard to payment by you. We have the right to hire, terminate, and reassign Covered Employees from our payroll. We are the rated employer for unemployment compensation purposes as of the time you and we enter into our

Agreement and payments made by us are made on our account, rate, and new wage base. Upon termination of our Paychex HR PEO Service, you will return to your previous rate and account balance, if applicable, and will assume a new wage base. We assume responsibility for payment of state unemployment insurance contributions on wages we issue and benefits due Covered Employees under our Paychex HR PEO Service without regard to payment by you.

New Jersey. We assume responsibility for the payment of wages to each Covered Employee without regard to payment by you, except that this will not affect your obligations with respect to the payment of wages to Covered Employees. We retain the authority to hire, terminate, discipline, and reassign a Covered Employee subject to the Covered Employee's consent. You have the right to accept or cancel the assignment of any Covered Employee. We will hire the initial Covered Employee complement from among employees of yours when our Paychex HR PEO Service takes effect at comparable terms and conditions of employment as are in existence at your jobsite at that time and as specified by you. You will continue to honor and abide by the terms of any collective bargaining agreement to which you are a party and upon expiration thereof, any obligations to bargain in good faith in connection with such collective bargaining agreements will not be affected in any manner by our Agreement, and you will advise us of any requirements that impact our Paychex HR PEO Service. You and we each retain a right of direction and control over management of safety, risk, and hazard control at work sites or sites affecting Covered Employees including: responsibility for performing safety inspections of your equipment and premises; responsibility for the promulgation and administration of employment and safety policies; and responsibility for the management of workers' compensation claims, the filings thereof, and procedures related thereto. If when our Paychex HR PEO Service takes effect all your workforce consists of Covered Employees we will report wages and make unemployment contributions based on experience assigned to us, and when our Paychex HR PEO Service ends you will receive a new employer rate if our Paychex HR PEO Service was in effect for at least two years (if less, you will pay contributions at our rate until the next July 1 and your experience while our Agreement was in effect will be factored into your pre-existing rate). If when our Paychex HR PEO Service takes effect less than all of your workforce consists of Covered Employees you must so inform us, and we will report wages and make contributions for Covered Employees based on experience assigned to us, but their experience will be factored into your experience when our Paychex HR PEO Service terminates unless our Paychex HR PEO Service has been in effect at least two years. Nothing in our Agreement diminishes, absolves, or removes any obligations of Covered Employees to you or of you to any Covered Employee existing prior to the effective date of our Agreement, or creates any new or additional enforceable right of a Covered Employee against us.

New York. We agree to co-employ all or a majority of employees providing services. We reserve a right to hire, terminate, and discipline Covered Employees as well as a right of direction and control but you have discretion as necessary to conduct business, discharge fiduciary duties, or comply with licensure requirements. Pursuant to section 195.1 of the Labor Code you will provide Covered Employees Notices and Acknowledgments of Wage Rate and Designated Pay and keep the originals signed by

the Covered Employees on file. We assume responsibility for withholding and remittance of payroll-related taxes and employee benefits from our own accounts for Covered Employees for which we have assumed contractual responsibility in our Agreement pursuant to our PEO Service. We will comply with the New York Disability Law with respect to the payroll we issue. We assume the responsibility to secure and provide required workers' compensation coverage for Covered Employees either in our name or your name for as long as our Paychex HR PEO Service remains in effect.

North Carolina. Covered Employees are your employees for purposes of any general liability, liquor liability, or vehicle insurance, or fidelity or surety bonds carried by you. All employment responsibilities not explicitly allocated to us in our Agreement or by section 58-89A-100 are allocated to you. Wages, contributions, and charges will be reported to your state unemployment account. We assume responsibility for the payment of wages to Covered Employees as provided in our Agreement. We retain a right of direction and control over the adoption of employment policies and the management of workers' compensation claims, claim filings, and related procedures in accordance with applicable federal laws and the laws of North Carolina. Upon termination of our Paychex HR PEO Service, if you request it we will provide records regarding the loss experience related to workers' compensation insurance if provided to Covered Employees pursuant to our Paychex HR PEO Service. Pursuant to section 58-89A-112, we are not liable for any acts, errors, or omissions of you or any Covered Employee or for the quality, adequacy, or safety of the goods or services you produce or sell.

North Dakota. You agree to obtain signed Employee Acknowledgments from Covered Employees. We have the right to hire, discipline, and terminate Covered Employees to the extent necessary to fulfill our obligations under our Agreement and as may be required by Title 43-55 North Dakota Statutes. We will make payment for Covered Employee benefits only to the extent that we have expressly assumed responsibility for them in our Agreement.

Ohio. Our Paychex HR PEO Service has a term of at least one year (as described above) and is intended to be ongoing rather than temporary in nature. Covered Employees are intended to be assigned on a permanent, not temporary, basis.

Oklahoma. We will make payments for Covered Employee benefits to the extent we have expressly assumed responsibility in our Agreement. At termination of our Paychex HR PEO Service, if you request it, we will provide you records regarding the experience related to workers' compensation insurance provided by us to Covered Employees.

Oregon. You agree to comply with the Oregon Family Medical Leave Act if you and/or we have 25 or more individuals in Oregon during each of 20 or more calendar weeks in the year in which leave is to be taken. You agree to provide adequate training, supervision, and instruction to Covered Employees to meet the requirements of Chapter 654 O.R.S. (the Oregon Safe Employment Act).

Puerto Rico. Our administrative fees are subject to Puerto Rico sales tax which may be added to our invoices. You agree to fund any required bonuses (such as Christmas

bonuses) required under Puerto Rico law which will be paid through us. You are responsible for providing any other benefits required by Puerto Rico law.

South Carolina. We: reserve the right of direction and control over Covered Employees; retain the right to hire, fire, discipline, and reassign Covered Employees; assume the responsibility to pay Covered Employee wages without regard to payment by you; assume responsibility for the payment of payroll taxes and collection of taxes on payroll we issue to Covered Employees; and retain the right of direction and control over the adoption of employment and safety policies and the management of workers' compensation claims, claim filings, and related procedures on joint agreement between you and us. Notice to or acknowledgment of the occurrence of an injury on your part is notice to or knowledge of us and our workers' compensation insurer. For purposes of South Carolina Code of Laws, Title 42 (Workers' Compensation), your jurisdiction is our jurisdiction and that of our workers' compensation insurer. We and our workers' compensation insurer are bound by and subject to the awards, judgments, or decrees rendered against them under the provisions of Title 42. Insolvency, bankruptcy, or discharge in bankruptcy does not relieve you or us and your and our respective workers' compensation insurers from payment of compensation for disability or death sustained by an employee during the life of a workers' compensation insurance policy. If you engage any employees who are not Covered Employees you must secure and maintain workers' compensation insurance and the Alternative Workers' Compensation provisions of our Agreement will apply; if we are providing workers' compensation insurance you agree to notify us prior to engaging the services of any employee who is not a Covered Employee (if you do not so notify us it constitutes your certification that you have not engaged such services). You certify that that the assignments of Covered Employees are intended to be long-term or of a continuing nature, not temporary, and that a majority of your workforce will consist of Covered Employees. You will post in a conspicuous place for viewing by all Covered Employees the following notice: "We are operating under and subject to the Workers' Compensation Act of South Carolina. In case of accidental injury or death to an employee, the injured employee, or someone acting on his/her behalf, shall notify immediately [fill in name and number of your supervisor responsible for reporting work-related injuries to our insurer]. Failure to give immediate notice may be the cause of serious delay in the payment of compensation to you or your beneficiaries and may result in failure to receive any compensation benefits." We are licensed and regulated by the South Carolina Department of Consumer Affairs. Any questions or complaints regarding us should be directed to the Department at [www.consumer.sc.gov](http://www.consumer.sc.gov) or 803-734-4200.

South Dakota. You represent that prior to entering into our Agreement you were the employer of your existing workforce. If our Paychex HR PEO Service is terminated, our employment of Covered Employees will also terminate and if a Covered Employee terminates employment with you, employment with us will also terminate. You retain primary control over the hiring, firing, wage rates, salary increases, training, and directing the day to day activities of Covered Employees. You retain primary control over the hiring, firing, wage rates, salary increases, training, and directing the day-to-day activities of Covered Employees. We do not manage or direct the operation of your business.

Tennessee. We assume responsibility for the payment of Covered Employee wages, payroll-related taxes, and (to the extent we have expressly contracted to provide them at our expense) employee benefits from our own accounts without regard to payment by you. We retain the authority to reassign Covered Employees and you have the right to accept or cancel the assignment of any Covered Employee.

Texas. UNRESOLVED COMPLAINTS INVOLVING US OR QUESTIONS CONCERNING THE REGULATION OF STAFF LEASING SERVICES MAY BE ADDRESSED TO THE TEXAS DEPARTMENT OF LICENSING AND REGULATION AT P.O. BOX 12157, AUSTIN, TX 78711, (512) 463-6599 OR (800) 803-9202. You and we share the right of direction and control over Covered Employees, the right to hire, fire, discipline, and reassign Covered Employees, and the right of direction and control over the adoption of employment and safety policies and the management of workers' compensation claims, claim filings, and related procedures. We assume the responsibility for the payment of wages to Covered Employees without regard to payment by you. We assume responsibility for the payment of payroll taxes and collection of taxes from payroll of Covered Employees. The foregoing notwithstanding, you are solely obligated to pay any wages for which the obligation to pay is created by an agreement, contract, plan, or policy between you and the Covered Employee, and which we have not specifically contracted to pay. You and we have elected to obtain workers' compensation insurance for Covered Employees.

Utah. To the extent necessary to fulfill our obligations under our Paychex HR PEO Service and Title 31A, Chapter 40 U.G.S. we have a right to hire, discipline, or terminate Covered Employees.

Vermont. Regardless of any law, regulation, or other authority to the contrary, you accept sole responsibility for, and will unconditionally save, defend, hold harmless, and indemnify us for, any matter relating to any collective bargaining agreements covering Covered Employees or your business, and protection or damages provided under laws to protect the health, safety, and welfare of Covered Employees (other than with respect to workers' compensation coverage we agree to provide).

Virginia. We hereby notify you that you are obligated to comply with the insuring requirements of section 65.2-8001 of the Code of Virginia with respect to employees of yours, other than Covered Employees with respect to whom we have undertaken in our Paychex HR PEO Service to provide workers' compensation coverage.

West Virginia. If any Covered Employees are subject to the Coal Workers Pneumoconiosis Fund, you will include us as an additional named insured on your Coal Workers Pneumoconiosis Fund Policy (however, this does not imply that we have agreed to provide services with respect to Covered Employees working in capacities that would subject them to the Fund). You retain the right to hire, discipline, and terminate Covered Employees. If you without good cause refuse a request from us to discipline or terminate a Covered Employee, we have the right to immediately terminate our Paychex HR PEO Service (see Chapter 33 Article 46A of the West Virginia General Statutes).

Wisconsin. We have the right to reassign Covered Employees to other clients. We have the right to set the rate of pay of Covered Employees whether or not through negotiations and whether or not the responsibility to set the rate of pay is shared with you.

Wyoming. Pursuant to section 27-3-501(a)(viii) of the Wyoming Employment Security Law, we: (A) Assign Covered Employees to perform services for you; (B) Set the rate of pay for Covered Employees taking into account your recommendations (you and we have negotiated over how this will be done and the result is reflected in our Agreement); (C) Will pay Covered Employees directly; (D) Retain the authority to assign or refuse to assign an individual to other clients if the individual is not acceptable to you; (E) Determine the assignments of Covered Employees even though they retain the right to refuse specific assignments; and (F) Have negotiated with and will negotiate with you on matters of time, place, type of work, working conditions, quality and price of the service (the results of these negotiations are reflected in our Agreement).

Tribal law. You represent and agree that: You are not an Native American Indian Tribe or a Tribal entity such as a Tribal corporation; Any Tribal sovereign immunity is waived and you and the person signing our Agreement (or any component of it) represents that such person has any authority needed to waive Tribal sovereign immunity; No Tribal court will have jurisdiction over our Agreement or over us by virtue of our Agreement; We are not required to exhaust Tribal remedies with respect to any matter arising from or in connection with our Agreement or its performance or enforcement; We have not entered into consensual relations with any Tribe by virtue of our Agreement or its performance; Our Agreement, its performance, and any matters (including disputes) arising from or relating to it will not threaten the political integrity, the economic security, or the health or welfare of any Tribe; No Tribal law will apply to our Agreement or the parties with respect to their relationship under our Agreement; and No part of our Agreement is performed on Tribal land/Indian trust land. The Tribal law section of our Agreement shall be deemed conclusive proof of the matters recited in it in any legal proceeding.

Non-US jurisdictions. We do not provide Paychex HR PEO Services or otherwise undertake any obligation that would subject us to the jurisdiction of a government other than that of the United States of America or its states, political subdivisions, and territories. Any work that would subject us to such jurisdiction is not work as a Covered Employee; you are solely responsible for it and anything arising from or in connection with it. If a Covered Employee travels outside the US for work you agree to contact us to confirm whether the work is as a Covered Employee and whether our workers' compensation will apply (if we are providing workers' compensation to Covered Employees).

## **PART B: ADDITIONAL SERVICE DESCRIPTIONS**

You have access to the following Services while our Paychex HR PEO Service is in effect.

**Employee Handbook Builder.** We will provide you access to an internet-based online tool provided by us or our Vendor that enables you to develop, customize, manage, and update your employee handbook in English (fees may apply for translation and additional services you may request from the Vendor) while our Paychex HR PEO Service is in effect. You are responsible for downloading and/or otherwise retaining all records and documents stored in this Service for your own retention purposes. We may assist you with your policies but we will not review them for compliance, are not responsible for them, and make no warranties with respect to them.

**Employment and Income Verification.** We will provide you access to a Fair Credit Reporting Act employment and income verification service through our Vendor for Covered Employees who authorize the service provider to verify their employment with their employer. You consent to our transmitting Information to the service provider sufficient for it to identify Covered Employees who are eligible to receive this Service. You authorize us to transmit employment and/or income verification information to the service provider each time a Covered Employee requests and authorizes the release of such Information. You may opt out of this Service by visiting [payx.me/work-number](http://payx.me/work-number). Individual Covered Employees can opt out at any time directly with our Vendor (if a Covered Employee opts out, Information pertaining to the Covered Employee will not be transmitted to the service provider). If a Covered Employee disputes the accuracy of the data provided, you agree to reasonably assist in resolving the dispute.

**E-Verify Services.** We will provide you access to a third-party application to assist with E-Verify verification of US employment eligibility for Covered Employees. Verification will be under your name and account, and you will be required to execute a memorandum of understanding with the Vendor to allow it to perform the Service.

**Form I-9 Service.** We will provide you access to a third-party application to assist with completion and storage of Forms I-9 and related documentation for Covered Employees. You may also use the Vendor's remote Form I-9 verification service.

**FSA Debit Card Service.** If you offer this Service, we will provide you access to a stored value processing system provided by a Vendor. Covered Employees who elect to utilize the FSA Debit Card will have access to their flexible spending accounts in accordance with a cardholder agreement executed by the Covered Employee and the Vendor. You authorize us to provide our agents and subcontractors information pertaining to you and Covered Employees who elect to utilize the FSA Debit Card as is necessary to provide this service. The FSA Debit Card may only be used at specified locations and for certain services or items. Participants' salary reductions for the FSA will be reflected on your invoice each pay period as a deduction from total compensation. The designated salary reduction amounts will be transferred by ACH from your specified bank account to the PBS FSA account, and payments for authorized purchases using the debit card will be made from the PBS FSA account. You will provide us with information pertaining to co-pays, if any, that Covered Employees pay. Upon receipt of co-pay information we may

adjudicate claims that match the co-pays without requiring additional paperwork in most instances, based solely on merchant terminal coding. You will update co-pay information in the event it changes. You will provide us with your plan information.

**General Ledger Service.** On your request, we will provide our standard general ledger report for Covered Employee payroll for you to download to your accounting software through a secure internet site with each regular payroll cycle. Reports are provided in formats generally compatible with popular accounting packages. Additional fees may apply for custom interfaces which are created by our Vendor.

**Health Savings Account.** If you offer a high deductible plan and choose to offer an employer contribution, deduction updates received by us will be applied on a prospective basis as soon as administratively feasible and generally within one to two regularly scheduled pay periods. The contribution(s) elected by you will remain in effect for the plan year in which it is implemented and for all subsequent plan years, unless and until you revoke, amend, or modify such contribution(s) by submitting an HSA Employer Contribution Form. If a Covered Employee has a Flexible Spending Account (FSA) for Unreimbursed Medical Expenses, the Covered Employee may submit expenses under the Unreimbursed Medical Expenses FSA for dental, vision, and preventative care only. The Covered Employee's HSA may be used to pay for any remaining HSA-qualified medical expenses.

**HR Library.** We, through us or our Vendor, will provide an internet-based library of human resource information, which may include templates. You may be required to have an active administrator and an Online Account to use this Service.

**Labor Posters.** We will provide you one hardcopy standard state and federal labor poster in English for each state in which you have Covered Employees, and updates as they occur. You may be subject to requirements to post other posters and notices that we do not provide (for instance, posters specific to your industry, posters required if you are a government contractor, posters required by municipal ordinances, and posters in other languages) and are responsible to comply with posting requirements.

**Leave administration.** We will give federal FMLA notices, administer requests for federal FMLA leave, and calculate FMLA leave available (a separate fee schedule will be provided if you elect this Service). We will also assist with state leaves similar to the FMLA and pregnancy-related leaves. You will tell us when a Covered Employee is on leave for a reason that could trigger one of these leaves. For an additional fee, this Service also includes assistance with certain company leaves, additional communication configuration, and advanced reporting.

**Paychex Analytics and Reports.** We, through us and/or our Vendor, will provide you with access to a reporting and analytics platform with standard and custom reporting and data analytics, including artificial intelligence-powered reporting derived from machine learning, statistical modeling, and/or data analytics. We will provide access to this Service to each of your Authorized Users with full administrative access, and each of those Authorized Users may grant access to this Service to additional Authorized Users.

This Service provides reports and insights related to human resource and compensation analytics, including employee retention, internal employee movement, workforce distribution and cost, attrition, and pay distribution. For an additional fee, this Service also includes compensation benchmarks to allow comparison of workforce analytics against relevant markets.

As part of this Service, and to use this Service, information about you and Covered Employees from your Online Account is shared with our Vendor. You authorize us to transmit such information to our Vendor, including (i) Client Information, such as industry or NAICS code, company-level wage and tax information, and address; (ii) a Covered Employee's personal information such as name, date of birth, sex, gender identity, and race/ethnicity; and (iii) employment information about Covered Employees including, job title, work address/location, employment status, compensation, pay frequency, date(s) of employment, and time-tracking information. If you terminate this Service or our Agreement, our Vendor will cease use of and/or delete such Information within 30 days after termination except that our Vendor may retain portions of such Information as required to comply with legal, security, or compliance obligations. Our Vendor may also process, retain, and use deidentified, anonymized, and/or aggregated information during and after termination of this Service.

Notwithstanding any other provision in our Agreement, our total liability for any claims, losses, costs or damages, including attorneys' fees and costs, resulting from or in any way related to this Service will not exceed the total amount of monthly fees paid for this Service during the 12 months preceding the date of the claim by you or any third party.

Paychex Employee Screening Essentials. Background checks provided through a third-party (you are responsible to comply with law relating to your use of background checks). Fees may vary depending on the background checks you request.

Paychex Employee Screening Services. We will provide you access to a third-party application that includes pre-hire and post-hire screening options (a separate fee schedule will be provided if you elect these Services). You are responsible for compliance with all applicable laws, including but not limited to the Fair Credit Reporting Act and applicable federal, state, and local background check restrictions.

Paychex Flex® Engage. We, through our Vendor, will provide you and Authorized Users with access to an employee engagement, performance management, employee recognition and rewards, and compensation management platform. A separate fee schedule will be provided if you elect this Service with fees paid directly to the Vendor. Fees are per Authorized Users per month and are based on the number of active users listed in Paychex Flex Engage, which may include Covered Employees, Authorized Contacts, and/or other users added to this Service. Authorized Users will access this Service through Paychex Flex, and each Authorized User must agree to the End User License Agreement to use this Service.

Changes made to Covered Employee information in Paychex Flex Engage, including, but not limited to, wage information and its effective date, will update the Covered

Employee information in Paychex Flex. You authorize us to process and incorporate any changes made in Paychex Flex Engage to Covered Employee information in your Paychex Flex account without any additional approval and/or authorization from you or the Covered Employee. You are solely responsible for reviewing and verifying the accuracy of any changes made in your Paychex Flex account as a result of changes made in Paychex Flex Engage, and we are not responsible for verifying any information received from Paychex Flex Engage with our Vendor, you, or Covered Employees.

Paychex Flex Hiring. We will provide you with an internet-based recruiting and applicant tracking service to facilitate the recruiting, qualifying, and tracking of applicants (a separate fee schedule will be provided if you elect this Service). Some or all of this Service may be provided by a third-party Vendor, and you authorize us to collect any fees due on the Vendor's behalf. We are not responsible for any third-party websites that may be linked to through this Service or your use of or access to them. You authorize us to access your account associated with this Service to perform administrative functions as necessary or appropriate to provide the Service.

Paychex Flex® HR Administration. We will provide you access to an internet-based human resources information system, parts of which are provided by our Vendor, which provides you a dashboard of tools, data, and insights which combine HR Technology, analytics, self-service, and support.

As part of this Service, you may create, modify, upload and store documents in Paychex Flex ("Document Management"). If you use Document Management, you are solely responsible for complying with your legal obligations to create, modify, maintain, or obtain signatures (electronic or otherwise) and/or acknowledgments with respect to any documents you store; determining which records and/or documents to upload, whether records or documents may be uploaded, executed, acknowledged and/or stored in the manner provided through this Service; and determining whether any record or document is valid or legally binding. You are responsible for downloading and/or otherwise retaining all records and documents, data, or other information stored in the Service and/or Document Management for your own retention purposes. Termination or suspension of your Paychex Flex account will terminate your ability to access anything stored in it. Employees may access this Service only while they are active in Paychex Flex. You are solely responsible for providing copies of any records and documents, data, or information to terminated employees. You are eligible for the Service only while you remain a client under our Agreement.

Paychex Flex® Onboarding. We will provide you access to an internet-based onboarding service that includes the Form I-9 Service, the E-Verify Service, the ability to provide and receive information regarding Covered Employees, the ability to create, modify, upload, and store documents in Paychex Flex using Document Management, and the ability to provide company and/or Covered Employee specific documents and policies. You authorize us to access your Paychex Flex Onboarding Service account to perform administrative functions as necessary to provide this Service.

Paychex Flex® Perks. At no additional cost to you, we, through our Vendors, will provide you and your Covered Employees access to a suite of voluntary employee benefits, discounts, and services. A complete list of available Paychex Flex® Perks Services and supplemental terms, which are incorporated into our Agreement, are available at [go.paychex.com/employee-engagement](http://go.paychex.com/employee-engagement). Unless otherwise noted, you may opt out of or terminate any Paychex Flex® Perks Service through Paychex Flex or by visiting [go.paychex.com/employee-engagement](http://go.paychex.com/employee-engagement) at any time.

Paychex Integrations. We will provide you the ability to connect and share data and/or Information with third-party software, systems, and/or vendors (“Integrations”), giving you access to a marketplace of Vendors that integrate with the Services (“Paychex Marketplace”). Integrations may be provided by or through a Vendor of Paychex or your third-party vendor (collectively “Vendor”) and may be subject to additional terms and conditions. We will provide Integration access, including Paychex Marketplace, to your Authorized Contacts with administrative access. You are responsible for the security of all usernames, passwords, or other login credentials used for Integrations. You are responsible for the configuration of each Integration; understanding the Information shared through each Integration; obtaining any necessary consents or authorizations required to share or change Information through any Integration; and compliance with any applicable laws related to each Integration and/or your use of the Integration. We make no representations or warranties concerning any Integration; are not responsible for the accuracy, security, or availability of any Integration; and are not responsible for your compliance with applicable laws. Authorized Contacts may access, manage, and/or use Integrations on your behalf, and may be allowed and/or required to use Integrations through Paychex Flex® without directly logging in (“Single Sign-On” or “SSO”). You authorize us to share Authorized Contact’s Information if necessary to enable SSO. Fees may apply for use of or access to certain Integrations. Disabling an Integration through your Online Account may not terminate the Integration. You may need to contact us and/or the Vendor to terminate the Integration. You are responsible for any fees incurred until termination.

Paychex Learning Enhanced. As an addition to Paychex Learning Essentials, we and/or our Vendor will provide you with the ability to add or create custom trainings (you are responsible for the content of custom trainings).

Paychex Learning Essentials. We and/or our Vendor will provide you access to the Paychex Learning System, a web-based library of training resources and information and a tool for providing and tracking Covered Employee trainings.

Protection Plus. If we have contractually agreed to provide Protection Plus to you (including by including a line item for it on our regular invoices) we will provide you access to a suite of risk management tools and resources including the following (note some clients may have EPLI coverage but not cyber liability or other Protection Plus components, contact your Client Services representative with any questions):

*Employment Practices Liability Insurance*

Generally. We maintain employment practices liability insurance (EPLI) that covers you for certain Claims (as defined in our EPLI policy) by Covered Employees, former Covered Employees, and applicants for a Covered Employee position as described in the policy (our Agreement does not expand coverage provided by the policy) that are both made and based on events that occurred while you were covered under the policy. You can only be covered under the policy while our Paychex HR PEO Service is in effect. Compliance with our Agreement at all times, including after our Agreement terminates, is a condition of your being covered (and continuing to be covered) for any Claim.

Notification. If you are notified or reasonably believe that a Covered Employee, former Covered Employee, or applicant for employment as a Covered Employee may allege something that if litigated or the subject of a government agency complaint could be covered by our EPLI policy (for example, if a Covered Employee complains of discrimination, harassment, retaliation, or wrongful termination) you agree to discuss the matter with our HR representatives prior to taking action if reasonably possible.

Reporting. If you receive any written communication relating to an actual, threatened, or potential employment-related legal dispute or government agency action involving a Covered Employee, former Covered Employee, or applicant for employment as a Covered Employee that reasonably could be covered under our EPLI policy, you will notify us as soon as you reasonably can and not later than 30 days from when you were first on notice of it (late reporting can affect the ability to defend the case and result in denial of coverage by the insurer) and provide copies of all relevant documents by email to [EPLClaims@paychex.com](mailto:EPLClaims@paychex.com) (even if you notify us other ways, this is the only way a claim will be deemed reported for EPLI purposes including coverage under our policy).

Claims handling. If our EPLI policy covers a claim: We have the right to control the defense and resolution including settlement, including after our Agreement terminates (we will consult with you and your input is welcome), subject to the rights of the insurer, however we will not admit you were guilty or at fault or agree to relief other than monetary relief within the policy limits without your consent which you will not unreasonably withhold. We may assist you through our HR resources in dealing with a claim or potential claim, but under no circumstances will we or any member of our Legal department be deemed to have an attorney-client relationship with you. If outside counsel is appointed for you under our EPLI policy you agree to be represented by the appointed firm, and you also agree to sign the firm's standard engagement letter and, if requested, reasonable joint defense agreements so that you and we can be represented by the same attorneys. You may elect to have counsel of your choice also participate at your own expense which will not count toward satisfaction of the self-insured retention (SIR, which is similar to a deductible) or be covered under our policy. You agree to cooperate in the defense and resolution of EPLI claims.

EPLI benefit. If our EPLI policy covers you for a Claim by an individual current or former Covered Employee or applicant to be a Covered Employee regardless of whether you and/or we are named in the Claim, unless we have agreed with you otherwise, you will be responsible for the first \$25,000 of the self-insured retention per claim (the first

\$100,000 per claim for Claims made or that could be brought in any agency, arbitration, court, or other venue in California or under the law of California or its political subdivisions) and we will pay the remainder of the SIR while our Agreement is in effect (the EPLI benefit, note if a Claim is not by a current or former Covered Employee or applicant to be a Covered Employee the EPLI benefit will not apply and you will be responsible for the entire self-insured retention). If our Agreement terminates for any reason you will be responsible for any of the SIR that remains to be paid as of termination. In order to qualify for the EPLI benefit you must: Be and remain in compliance with our Agreement with respect to the claim and the facts and circumstances surrounding it (before and after it is asserted); Comply with all your monetary obligations to us; Accept the representation of counsel appointed (not request other counsel); Follow the recommendations of our HR staff with respect to the subject matter of the Claim before and after it is asserted; Allow an arbitration agreement to be enforced (unless otherwise recommended by counsel appointed by the carrier); Not withhold consent to settle if recommended by our insurer; and Not attempt to make us liable, or suggest we should be liable, for the claim. The EPLI benefit is not a contract of indemnification or insurance. You agree to timely pay amounts you are responsible for with respect to EPLI claims such as law firm and court reporter bills; we may add past-due amounts to our invoices and collect them on behalf of the service provider as payments due under our Agreement. If any part of the SIR above \$25,000 (\$100,000 in California) is satisfied from other sources (such as another insurance policy that provides coverage to you to which our EPLI policy is secondary) our responsibility for the SIR under the EPLI benefit will be reduced accordingly. If our EPLI policy covers you for a Claim under an optional endorsement requested by you or applying only to specified clients of ours, the EPLI benefit will not apply to that Claim; you will be responsible for the entire SIR. If our EPLI policy provides coverage to you for a wage and hour Claim or a Claim under an endorsement rather than the body of the policy, the EPLI benefit will not apply to that Claim; you will be responsible for the entire SIR.

Effect on indemnification. If we are named in a claim covered by our EPLI policy, including after our Agreement terminates, which alleges matters for which you would be responsible under our Agreement, the claim against us may be part of your indemnification obligations, however, to the extent that you and we are both covered under our EPLI policy for the matter and you comply with your obligations with respect to the claim and its subject matter, we will not seek indemnification from you for that matter.

#### *Cyber Liability Insurance (only applicable if you are receiving Protection Plus)*

We maintain cyber liability insurance that covers you for certain Claims as described in the policy (our Agreement does not expand coverage provided by the policy).

Retirement Services. You may adopt and/or sponsor qualified retirement plans offered through Paychex, Inc. or its affiliate which will perform retirement services. A separate agreement for the retirement Services is required. Some retirement services may incur additional fees as described in the applicable agreement. Upon termination of our PEO Service for any reason the provisions of the separate retirement Services agreement

will continue to apply, including fees which may not have been charged while our PEO Service was in effect. You may choose to maintain or adopt a retirement plan not offered through a Paychex or its affiliate or refrain from offering any retirement plan (unless mandated by applicable law).

## **PART C: GENERAL TERMS (APPLICABLE TO ALL SERVICES)**

About Services. In our Agreement the capitalized term “Service” refers to a service we may make available. Each Service is described in Service Descriptions (when you access such a Service, its Service Description is considered incorporated in our Agreement), and additional terms may apply such as terms of use on web sites related to the Service or separate agreements required by vendors. Service Descriptions and specifications may change from time to time. Some Services are provided by affiliated Paychex companies; our Agreement will be deemed between you and the applicable Paychex affiliate for purpose of each such Service. Some Services or pricing concessions may require that you subscribe to other Services. Some Services are provided wholly or partially by or in conjunction with third parties, who will determine individuals’ eligibility to participate. If a Service entails making products or services available to Covered Employees they may be required to execute additional agreements, comply with terms of use, and/or open an account directly with our Vendor, and they may incur fees they will be responsible to pay in connection with their use of the products or services. If Covered Employees elect to settle any amounts due in connection with their accessing Services through payroll deductions, we will process the deductions based on information received from our Vendors (which we may accept without verifying with you or Covered Employees). We also may make products and services of third parties available to you as Services where you will have a direct relationship with the Vendor(s) and you may be required to execute agreements or otherwise agree to terms directly with them. We may receive fees in connection with your and Covered Employees’ use of Services. We may rely on information provided by or through a Vendor and/or Covered Employee without verifying it with you or Covered Employees. Vendors may contact Covered Employees to provide information and/or marketing regarding its Service through websites through which Covered Employee use or access the Service, Online Accounts, and/or by mail, email, text message, phone, or other methods selected by Covered Employees.

Transmittal of Information. If on your request we transmit Information relating to you, your relationship with us, any benefit plan, or Covered Employees to a third party such as a file hosting service or a third party administrator: You authorize us to transmit Information as reasonably contemplated by your request, warrant that the resulting disclosure is compliant with law, and assume responsibility for compliance with any laws requiring that individuals be notified of disclosure or have the ability to limit disclosure with respect to Information transmitted. We have no control over or responsibility for Information once transmitted or over the actions or omissions of any recipient of the Information. We undertake no duty or obligation to anyone receiving the transmitted Information. We make no warranties in connection with the transmitted Information

including that it is accurate or complete, that it will be in an accessible form, that it will be secure, that it will be used or not used for any purpose, or that it will be received by the intended recipient. We may in our discretion decline to transmit Information. Transmitting Information will not be deemed a service to any benefit plan of yours and we do not become a HIPAA business associate by transmitting Information. You release us, and will defend and indemnify us, unconditionally from all claims, investigations, and damages, and other matters arising from or relating to transmission of Information.

Authorizations for Services. You authorize us and our affiliates and Vendors to gather, maintain, store, receive, transmit, and share Client Information and personally identifiable information about Covered Employees with third parties such as government agencies, insurers, and Vendors as appropriate in connection with any Service you or a Covered Employee use, request, are given access to, or which we may communicate with in anticipation of you or Covered Employee potentially using, requesting, or being given access to (for example we may share Information with Paychex Insurance Agency to obtain quotes for health coverage for your group other than through a plan sponsored by us).

Client Information. You will timely and accurately execute, provide, and/or authorize us to obtain on your behalf, all documentation, data, information, and directives necessary for the Services under our Agreement and to comply with laws, including after our Agreement terminates ("Client Information") including taking corporate action. If you allow Covered Employees to review or update their information through the Online Account, electronically sign and/or submit documents with changes, and/or use third-party services to provide or modify Client Information, such information will be considered Client Information and will be treated as if provided by you. You agree to update Client Information promptly when it changes. You are responsible for any additional processing fees and any delay in performance of the Services incurred as a result of your failure to timely and/or accurately submit or update Client Information. We will provide the Services based on Client Information which will be considered authentic, accurate, and complete. We may rely on Client Information without the need to further verify it. We may not obtain additional authorization from you to act on Client Information and will not be responsible for errors that result from our reliance on it.

Client Confidential Information. "Client Confidential Information" means information disclosed or otherwise made available by, or on behalf of, you to us that is marked confidential or is of the nature that a reasonable person would identify it as being confidential. We will implement and maintain a comprehensive information security program which contains administrative, technical, and physical safeguards that are deemed reasonable and necessary to protect Client Confidential Information from unauthorized disclosure, access, or acquisition. In the event of any compromise or security breach resulting in the disclosure or possible disclosure of Client Confidential Information, we will notify you in compliance with applicable laws. Client Confidential Information does not include information that (i) you have agreed is free of any nondisclosure obligations; (ii) at the time of disclosure was free of any nondisclosure obligations; (iii) is independently developed by us or that we lawfully received, free of any nondisclosure obligations, from a third party having the right to furnish such Client

Confidential Information; (iv) is or becomes available to the public without any breach of our Agreement or unauthorized disclosure; or (v) is already in the possession of the requesting party. As between the parties, you own Client Confidential Information.

Use of Client Information and Client Confidential Information. You grant us authorization and a perpetual non-exclusive right and license, if applicable, to collect, process, transfer, use, reproduce, host, reformat, train, model, validate, test, and create derivative works from Client Information and Client Confidential Information (collectively, "Information") in accordance with our Agreement and/or Paychex's Privacy Policy, which may be amended or modified at any time in our sole discretion. If you have provided Information under a separate service agreement with a Paychex affiliate, you authorize us to obtain and use such Information as set forth in our Agreement. We may use and disclose Information to our employees, affiliates, subsidiaries, authorized agents, third-party partners, business partners, Vendors, and contractors to (i) perform or offer Services; (ii) offer additional products or services; (iii) integrate third-party services into the Services; (iv) develop or assist in the development of tools, products, and/or services (including datasets based on, derived from, or including such Information); (v) perform analysis to determine your qualification to receive services; (vi) conduct or participate in research and analysis; and (vii) collect fees. We may disclose your payment experiences with us to credit reporting agencies and supply vendor references. Our use of Information may include processing via automated technologies, machine learning, and/or artificial intelligence (collectively, "AI"). We may also disclose Client Confidential Information to our attorneys, accountants, insurers, and auditors; and pursuant to any applicable laws, court order, legal process, or governmental investigation.

Aggregated Information. We may use Information that is aggregated, anonymized, and/or deidentified (as long as no attempt is made to re-identify the data) for any lawful purpose in our discretion. You will have no ownership or any other interest in aggregated, anonymized, and/or deidentified data, and such data will not be considered Client Information or Client Confidential Information.

Artificial Intelligence. We may use AI as set forth in our Agreement, our Privacy Policy, and/or in a notice provided at the time of use. We may use AI to process information collected from the Services. You are responsible for your use of AI, the information you input into AI, and the output therefrom, and we make no warranty of any kind concerning the output or the results of your use of AI. You are responsible for your use of AI and any output such that it will not: (i) violate any applicable law; (ii) violate any provision of our Agreement or any of our other applicable policies or terms; or (iii) infringe, violate, or misappropriate any of our rights or the rights of any third party. AI is not intended or designed to replace or override human decision-making, and you will not rely on any output for legal, financial, or employment decisions. Notwithstanding anything to the contrary in our Agreement, we may use aggregated, anonymized, and/or deidentified data and/or output to train or otherwise improve the AI and/or our tools, products, and services.

Client Contacts. You are responsible for designating contact(s) who are authorized to submit Information to us and/or take action on your behalf (“Authorized Contact(s)”). Contact information provided for Authorized Contacts is considered Client Information. Authorized Contact(s) responsibilities may include giving and receiving notices, approving payroll processing, purchasing products and services from us or our third-party partners and Vendors, agreeing to terms and conditions, approving and managing integrations with third-party services, accessing Client Information and/or Client Confidential Information and/or handling any other matters related to your account. You are responsible for the accuracy of any Information submitted by you and/or your Authorized Contacts and for any action taken by you or your Authorized Contacts in relation to the Services, including actions taken through your Online Account. You are responsible for managing all Authorized Contacts including establishing the type of access granted to each Authorized Contact for each Service and keeping all Authorized Contacts and access levels current. You are responsible for any damages, costs, expenses, or additional fees that may be incurred as a result of your failure to provide updated contact information.

Review of information. You agree to review all payrolls, pay records, reports, and other information and work product we provide or make available and advise us of any errors or deficiencies within 30 days of our having provided or made it available. If you do not advise us of an error or deficiency within 30 days or if you approve or authorize us to act on it you will be considered to have confirmed, ratified, and approved it in all respects.

Liability of vendors. Vendors are solely responsible for their acts or omissions (subject to applicable contractual limitations), including the security or confidentiality of any Information they have; we are not liable for them.

Responsibility for use. You are responsible for determining whether a Service meets your needs and legal/compliance requirements, for your and your employees’ use of the Service, and for ensuring that all Information provided in the course of use of the Service is timely, accurate, complete, and up to date. If a Service uses artificial intelligence derived from machine learning, statistical modeling, and/or data analytics, the Service is not intended or designed to replace or override human decision-making, and you are solely responsible for (i) your use of, or reliance on, the Information provided by the Service, including, but not limited to, the accuracy, applicability, reasonableness, or bias of any content; and (ii) your use of the Service and the decisions you make based on the output of the Service, including any unintended consequences of such use. You are responsible for your use of any output or work product from any Service we or any Paychex affiliate or third party vendor provide to you. Without limiting the foregoing, to the extent the federal Fair Credit Reporting Act (FCRA) or any similar law applies, you are responsible for complying with it including obtaining consents, providing notices and explanations, resolving disputes about inaccurate, incomplete, or unverifiable Information and deleting Information where appropriate.

Vendor registrations, purchase orders, and reviews/audits. We are not required to register with a vendor registration system that you use (whether proprietary or third

party), accept purchase orders from you, or participate in vendor reviews and audits (whether by you or a third party retained by you). However, if we do any of the foregoing, any terms (such as printed terms on a purchase order, terms of use for a vendor registration system, or terms in connection with an audit or review) that are inconsistent with our Agreement or that impose any obligation on us beyond what we undertake in our Agreement are rejected and ineffective and our Agreement will control. We may refuse to provide any information we regard as confidential or proprietary (including for purposes of securities law or information security), all information we provide is on an as is, no warranties basis, and you will pay our costs of complying with audit/review requests including labor and internal and external attorney fees.

No warranties. ALL SERVICES ARE PROVIDED ON AN “AS-IS,” NO WARRANTIES BASIS unless an applicable Service Description or other contractual document governing the Service expressly makes a warranty. Without limiting the foregoing, all implied warranties are disclaimed, we make no guarantee that Services or your use of them will be compliant with law, secure, error-free, or will otherwise meet your needs, be fit for particular purposes, or achieve any particular results; and you are responsible for your use of Services. We do not provide, and you will not rely on us for, legal, tax, investment, or financial, or insurance advice (you may separately contract with Paychex Insurance Agency to provide insurance advice) and we and Paychex affiliates do not act as a fiduciary of yours for any purpose (unless you separately contract for retirement fiduciary services).

Service terms. Unless otherwise agreed, each Service can be terminated upon the earlier of thirty days’ notice, or immediately for material breach of our Agreement or other contractual terms applicable to the service (such as web site terms of use or your contract with the Vendor) by written notice (you may have to give notice to Vendors if you agreed with them to do so) reasonably identifying the breach, and will be deemed terminated no later than upon termination of the earlier of our Agreement for any reason unless agreed otherwise in writing. Unless otherwise noted, you may opt out of or terminate any optional Service through Paychex Flex at any time. If the Service is provided by a Vendor, we will notify the Vendor to terminate the Service. We or the Vendor may suspend and/or terminate a Service for failure to pay fees or breach of any applicable terms. Upon termination of any Service you and users participating through their relationship with you (such as employees) may not have access to the Service and Information or documents stored in or provided through the Service; you should arrange to retain it (for example, by downloading and saving it) prior to termination.

Agreement term. We have not agreed to provide any Service or undertaken any obligation with respect to a Service until we have accepted your election of the Service, you have taken all steps required to initiate the Service, and any other contractual prerequisites have been fulfilled. Our Agreement will remain in effect for so long as you access any Service incorporated in it unless provided under a separate agreement that survives termination of our Agreement in which case certain terms or conditions (such as pricing concessions for being a PEO client of ours) may no longer apply.

Survival of obligations. Obligations that will survive termination of each Service and our Agreement include any obligation incurred prior to termination, anything explicitly noted in our Agreement or other contractual agreements relating to the Service as surviving, obligations of payment, reimbursement, Information, indemnification, damage limitations, dispute resolution, and cooperation.

No resale. You cannot resell, rebrand, or “frame” our Services or provide them to your clients or any third party’s clients, for instance, as a service bureau, regardless of whether you charge for doing so. No legal entity can use our Services unless it has a contract with us.

Agents. If you authorize someone, including a third party, to act on your behalf, for instance by providing them your credentials or requesting that we communicate with or accept instructions from them, you are bound by and responsible for their acts and omissions and will require them to comply with our Agreement, and you authorize disclosure of Information to them in accordance with the credentials and permissions you grant them. We may decline to allow them to access our systems, accept instructions from them, or otherwise deal with them and we may set procedural and other requirements relating to them. They are not beneficiaries of or entitled to enforce our Agreement and we undertake no duty to them. We may assume that anyone reasonably appearing to be in a role of apparent authority for you (for example because of their title or their system role or access as designated by you) is authorized to make buying and other decisions on your behalf, such as initiating a new Service.

Responsibility for payment. You agree to pay invoices for fees and other charges incurred in connection with Services incurred by you (including through people you designate or permit to access Services on your behalf) in good, collectible, US funds (including after our Agreement terminates) without deduction or setoff for any reason when the invoice is issued. If you dispute any invoice of ours or another Paychex affiliate you will nonetheless pay it timely in full, notify the issuing Paychex affiliate of your dispute within 60 days of the invoice (any disputes you do not give notice of in that period are waived), and you and the parties will work in good faith to resolve the dispute; the applicable affiliate will credit you for any overpayment determined through this process. Some Services permit optional purchases including options for which additional fees may be charged. Depending on the Service, we, another Paychex affiliate, or a Vendor may bill you. We are not responsible to pay fees you, your designates, or a Covered Employee incur with Vendors.

Late/incomplete payments and insufficient funds. Payment is deemed made when we can confirm receipt free and clear without possibility of it being stopped or reversed. If you do not timely pay an invoice, fee, or other amount owed to us in full (including by having insufficient funds available in your designated account), late payment charges of 5% will be applied with compounding interest on the amount outstanding at 1.5% per month, or the greatest amounts allowed by law if less, and we may determine in our discretion without liability how to apply any funds we have received from you to amounts you owe. We are not bound by any designation you might make about how incomplete payments should be applied or by any statement of accord and satisfaction you may

make. If sufficient funds are not available from your account to complete a payment due, payments fail, or we cannot confirm them timely for any reason, we may but are not required to take collection action including but not limited to reissuing EFTs at your expense and assessing insufficient funds fees. Payment of late charges and interest does not cure any breach associated with late performance or limit remedies associated with it. You are responsible for any consequences of your paying other than timely and in full.

Payment method. We may from time to time authorize or withdraw authorization to use particular methods of payment by email to your designated contact. If we approve payment for our Paychex HR PEO Service by ACH debit we will initiate ACH debits (we will advise you of the timetable for pay cycle invoicing and payment) and you agree to have funds available in your designated account to satisfy the ACH debit. If we approve payment for our Paychex HR PEO Service by wire you will wire us funds (or at our option permit us to initiate wire transfers from your account) at least two banking days prior to your check date(s) for ordinary course payrolls. You will provide us all information we need to confirm timely receipt of payment by any method.

Fees generally. Amounts we pay Covered Employees as wages are included as Paychex HR PEO Service fees in invoices. The amounts that we bill you are not necessarily representative of our actual costs. Fees based on amount of payroll are calculated on gross payroll unless otherwise noted. Any Paychex HR PEO Service fees associated with insurance on our invoices are for our administrative work in connection with our Paychex HR PEO Service, not premium or commission (except to the extent we may invoice them as an accommodation in connection with policies you purchased through Paychex Insurance Agency). If the taxes or any other amounts we are required by law to pay relating to payroll, benefits, insurance, or our provision of Services go up (mandatory increases), we can increase the fees we charge you accordingly, and if a mandatory increase has a retroactive effect we can charge you retroactively, including after our Agreement terminates. Elective Services provided by third parties, that are in addition to Services provided at no-additional cost, or that are on a per-transaction basis may be at an additional charge. Fees charged on the basis of number of active Covered Employees will apply even if a Covered Employee is not paid in a given invoice period. You are responsible for any taxes imposed in connection with our Services such as sales, use, and similar taxes, other than taxes imposed on our income (if you claim an exemption you will provide substantiation acceptable to us). We can charge you fees for processing amendments to previously filed tax returns, and any penalties, interest, or additional taxes assessed by tax authorities as a result of these amendments will be your responsibility. You have no right to interest that may accrue on amounts we receive or hold.

EFT. If you pay us using EFT:

You will designate a US bank account from which funds will be drawn and which you will ensure has sufficient funds to meet your obligations to us when due. You will provide any authorization we need to originate EFTs (if applicable) and verify availability of funds in your account. You authorize us to collect all amounts due from your account

when due or payable (including after our Agreement or the applicable Service terminates). Your use, order, or receipt of our Services constitutes your authorization for us to create and transmit EFT credit or debit entries for all amounts due from you.

ACH EFTs are performed under the National Automated Clearing House Association (Nacha) operating rules as they may be amended, which can be viewed at [NACHAOperatingrulesonline.org](http://NACHAOperatingrulesonline.org). You: authorize us to send entries on your behalf to receivers and assume the responsibilities of an originator of EFTs, if applicable; affirm that you obtained valid authorization of entries from receivers; agree to follow Nacha rules as amended; will not originate any EFT that violates any law; agree that entries are limited to Prearranged Payment and Deposit (PPD), Corporate Credit or Debit (CCD, CTX), International ACH (IAT), or others required for our Services; and agree that we or originating banks have the right to audit your compliance with Nacha rules with respect to the transactions contemplated by our Agreement. We may identify you to banks involved in EFTs and terminate or suspend our Agreement for breach of Nacha rules. You will notify us pursuant to applicable Nacha rules and applicable law if funding is received from a foreign financial agency, and of any Covered Employees with non-U.S. addresses. We may reject any entry that does not comply with the requirements of our Agreement or Nacha rules, or that exceeds the funds available for payment in your account. We are not responsible for any consequences of rejection of any entry. You agree not to cancel, amend, or reverse an entry received by us once submitted. If on your request we try to cancel, amend, or reverse an entry you will reimburse us for any expense, loss, or damage we incur in connection with doing so and we will have no liability if not successful. We are not responsible for determining if a Covered Employee's account is able to receive ACH or RTP direct deposits.

Assurances. If you provide us financial assurances such as a personal guarantee, letter of credit, bond, or deposit, or if you maintain a surplus balance with us for any reason, we may but are not required to apply it against any amount that you owe us or any Paychex affiliate. It will not be considered a prepayment including of premiums, fees, wages, or taxes or identified to any trust, taxes, or benefit plan. You will not be entitled to interest on any deposits or other amounts we receive from you. We will return any unused deposits and other financial assurances within a reasonable time after our Agreement terminates and all your obligations to us have been fulfilled.

Compliance with legal process. If we provide information, testimony, documents, or reports in connection with a legal dispute or government investigation or enforcement action involving you that we are not a named party to (other than routine processing of garnishments/wage deduction orders included in our Paychex HR PEO Service) on your request or to comply with law or legal process such as a subpoena or government investigation notice, including after our Agreement terminates, you will reimburse us for the cost of complying including internal labor costs, costs relating to contesting or limiting disclosure, expenses, and reasonable attorney fees.

## Privacy, confidentiality, software, and information security

Online Account. You, employees, Authorized Contacts, and/or anyone else that you authorize (“Authorized Users”) may choose and/or be required to access or connect to certain Services online or through a mobile or other electronic device (“Online Account”). Authorized Users with full administrative access may manage your Online Account; add, activate, and/or terminate Services; and/or agree to terms and conditions and/or fees on your behalf. If you access or connect to Services through your Online Account, you are responsible for designating who is authorized to have access to it; safeguarding all passwords, usernames, logins or other security features used to access your Online Account (“Online Account Access”); use of your Online Account under any usernames, logins or passwords; ensuring that use of your Online Account complies with our Agreement; and any unauthorized access, or use, of your Online Account caused by Authorized Users’ actions or inactions. You agree to immediately notify us of any actual or suspected unauthorized use of an Online Account. We may but are not required to limit, suspend, or terminate access to your Online Account if we have reason to believe security or confidentiality may be compromised. Authorized Users select the security level for Online Account Access and you are responsible for these selections. You will review all security levels and determine the level or levels for your Authorized Users. You will implement an information security program appropriate to safeguard your Online Account/Online Account Access that is consistent with applicable law, safeguards Online Account and Online Account Access for any third-party services integrated into the Services; provides for maintenance and routine review of computing and electronic system usage records (e.g., log files); and safeguards the security of your own data, data storage, computing device(s), other electronic systems, and network connectivity. We are not liable for any consequences, losses, or damages resulting from unauthorized access or use of the Online Account. We may access your Online Account to assist in configuration, provide ongoing support, comply with law, and perform administrative functions needed to provide our Services. Authorized Users may set their own preferences within their Online Account and may choose to link their account to certain third-party services. You are responsible for all activity occurring under your Online Account including how you and Authorized Users use the Services and for the Information provided. You and Authorized Users will not use your Online Account in any manner that exceeds the scope of rights granted pursuant to the Services provided to you under our Agreement and within the applicable terms of use; use your Online Account to transmit Information in violation of any third-party privacy rights; or make your Online Account accessible to any third parties other than Authorized Users.

Client Verifications. Our Agreement may be considered an application for credit. We may investigate and verify the identity, bank account and/or credit of you and/or your principals, including bank account status and history, prior to providing any Services or at any time during the term of our Agreement (collectively “Client Verification”). We may also perform Client Verification pursuant to applicable federal and/or state requirements. We may engage third parties to perform Client Verification and share your data, including Client Confidential Information, with third parties to perform Client Verification. We are not liable for the actions or inactions of such third parties, including to any unauthorized use or disclosure of your data by third parties.

Information Security. We maintain a comprehensive information security program including administrative, technical, and physical safeguards we deem appropriate to reasonably protect Information from unauthorized access or acquisition. We do not warrant that information will be free from unauthorized access, interference, or disclosure or that our information security measures will meet your or any third party's requirements. We make certain information about our information security measures available to clients but are not required to share confidential information about our information security or provide certifications relating to it. We can use, share, and retain information according to our policies such as our document retention and privacy policies, and as may be appropriate to carry out transactions contemplated by our Agreement, including with third parties.

Privacy regulation. You agree not to transmit to us any personally identifiable information or other Information that is subject to regulation by a non-U.S. government such as under the European Union General Data Privacy Regulation (GDPR) and you represent that all information you give us is free of such regulation. We are not required to receive, store, or transmit any information in a way that would subject us to the jurisdiction of any non-U.S. government. You consent to our applying our standard document retention, privacy/security, and other data and access use policies to information covered by privacy laws and agree that we may freely use and retain information in our possession in anonymized/de-identified form.

Telephone Consumer Protection Act (TCPA) Consent. You consent to us, our affiliates, and third parties we engage to perform our Agreement contacting you using an automatic dialing system or prerecorded messages at the telephone number(s) you provide (you confirm you are or have consent from the subscriber or customary user of such number(s) to receive such calls), including but not limited to contact regarding promotional offers or marketing messages. If you do not consent, we are not required to perform any Service or take any other action that relies on your consent. You are not required to provide consent as a condition of making any purchase, and you may withdraw consent at any time.

Intellectual Property. If we provide or provide access to our own or third-party software in connection with our Services via a web browser or otherwise:

*Proprietary Systems.* We provide Services to you using equipment, facilities, technologies, AI, systems, applications, and processes hosted and physically controlled by us ("Proprietary Systems"). We are and remain the owner of all titles, rights, and interest in Proprietary Systems. If Proprietary Systems (i) require you to provide or input Information and/or (ii) facilitate your receiving information and/or reports, we grant you a limited, non-transferable, non-exclusive right to submit Information and receive information and/or reports from Proprietary Systems during the term of our Agreement.

*Software licenses.* In limited cases, some ancillary Services other than payroll services may require the use of our software that is not a Proprietary System ("Software"). If use of Software is required for an ancillary Service, we grant you a non-transferable, non-exclusive, non-sublicensable limited license to install and use Software during the term

of our Agreement. You are liable for any taxes due for the use of Software. We are and remain the owner of all title, rights, and interests in Software. If you do not accept the terms and conditions of any applicable license agreement(s), we will not be obligated to perform Services dependent upon Software.

We are not obligated to deliver or otherwise make available any copies of computer programs or source code, and we do not guarantee the availability or compatibility of any systems or applications. You are responsible for obtaining and maintaining all computer hardware, software, and communications equipment necessary for the Services, and for paying any third-party charges (such as kiosk, internet service provider, or telecommunications charges) incurred.

Software and Proprietary Systems contain valuable trade secrets and confidential information owned by us or other Paychex affiliates. You, your Covered Employees, and your agents will not, directly or indirectly: sell, lease, assign, sublicense, or otherwise transfer or encumber; duplicate, reproduce, or copy; disclose, divulge, or otherwise make available to any third party; use, except as authorized by our Agreement and/or any applicable terms and conditions; or decompile, disassemble, or otherwise analyze for reverse engineering purposes, the Software and/or Proprietary Systems. You are responsible for your Covered Employees and agents and their use of Software and Proprietary Systems. You will notify us immediately of any unauthorized use or disclosure of Software and/or Proprietary Systems and will cooperate in remedying such unauthorized use or disclosure.

You own no rights, title, or interest, including copyright, patent, trade secret, and all other intellectual property rights, in Proprietary Systems or Software, except to the extent we have granted you a license. If you are ever held or deemed to be the owner of any intellectual property rights covered by our Agreement or any changes, modifications, or corrections to Proprietary Systems or Software, you irrevocably assign to us all such rights, title, and interest and agree to execute all documents reasonably requested to implement and confirm intellectual property rights and intent as described here, including after our Agreement terminates.

ALL SOFTWARE AND SOFTWARE ACCESS IS PROVIDED ON AN AS-IS, NO WARRANTY BASIS. ANY WARRANTY EXPRESS OR IMPLIED IS EXPRESSLY DISCLAIMED INCLUDING ANY WARRANTY OF SECURITY, FITNESS FOR PARTICULAR PURPOSES, OR THAT SOFTWARE WILL BE BREACH-FREE OR ERROR-FREE. As a condition of receiving or accessing software you agree that our aggregate liability in connection with all software is limited to \$1,000 and your only remedy for any matter arising from or relating to your receipt or access of the software is to cease using the software.

## Miscellaneous

Assignment. Our Agreement can only be assigned or assumed with our prior, express, written consent on a form provided by us (we are not required to sign consents, non-

disclosure, or other documents you provide) which we will not unreasonably withhold provided you give us reasonable time and cooperate with our information requests to review the proposed assignment/assumption. A change in control transaction or series of transactions where you are not the surviving party or your demographics materially change is an assignment for purposes of this paragraph.

Circumstances we cannot control. If our Services are interrupted or impaired by things beyond our reasonable control such as weather emergencies, natural disasters, war, epidemics, failures of banking systems, the internet, or common carriers, or malicious acts of third parties, we will not be in breach of our Agreement as a result, but we will make commercially reasonable efforts to restore service.

Disclaimer of warranties. We are only responsible for the obligations we expressly undertake in our Agreement. No other obligations of ours can be implied by course of dealing or for any other reason. WE MAKE NO WARRANTIES (INCLUDING IMPLIED WARRANTIES) OTHER THAN WHAT WE EXPRESSLY UNDERTAKE IN OUR AGREEMENT; ALL SUCH WARRANTIES ARE EXPRESSLY DISCLAIMED. No communication from us or another Paychex affiliate and no Service we or another Paychex affiliate provide should be relied on as legal, tax, financial, or insurance advice (unless you have separately contracted with Paychex Insurance Agency for insurance advice).

IT work. If we undertake information technology work at your request (for example, providing an interface between our systems and yours) we will describe the work on a Statement of Work approved by you in advance and charge our then-standard hourly rates (which may include minimums). All IT work is provided on an “as-is, no warranty” basis.

Non-solicitation. Except where prohibited (including Minnesota), while our Agreement is in effect and for one year thereafter neither you nor we will hire directly or indirectly (for example, through a staffing or independent contractor arrangement) any employee of the other party who materially participated in the performance of our Agreement. If a party breaches this obligation, it will pay the other party an amount equal to 30% of the employee’s gross annualized noncontingent compensation in the new position. Provided, however, that if an employee (including a Covered Employee) of yours is a Covered Employee of another customer of any Paychex PEO Service it will not breach this obligation.

## How we will resolve disputes

Remedies. Our Agreement is governed by the substantive law of the State of Florida (disregarding its choice of law provisions). You specifically waive and agree not to bring or threaten to bring an action under the law of any other state including, without limitation, such state’s consumer and unfair/deceptive business practices law. Any litigation between you and us will be venued only in the state or federal courts of Palm Beach County, Florida and you and we consent to jurisdiction and venue in those courts

(if an action is filed in any other venue or you attempt to resolve a dispute by any other method without mutual consent the filing party will pay the other party's expenses including reasonable attorneys' fees incurred in connection with the improperly filed action). The prevailing party in any litigation will be entitled to its costs and reasonable attorney fees at all levels of proceedings and reasonable costs of collection which may include reasonable attorney fees. BOTH YOU AND WE WAIVE THE RIGHT TO A JURY TRIAL. You agree not to participate in any dispute with us as a member or representative of a class. A party may seek equitable relief without posting bond or security. If you are a government entity or affiliated with a government you waive any sovereign immunity or other defense based on your being a government entity to any obligation of yours pursuant to our Agreement. If any part of our Agreement is held unenforceable, the remainder will continue to be effective.

Mutual indemnification. You and we will each defend and indemnify each-other (including as to reasonable attorney fees) for claims, allegations, actions, investigations, damages, and other matters to the extent that they are or arise out of or in connection with something the indemnifying party exercises control over as allocated in our Agreement, the indemnifying party is responsible for under our Agreement, or the failure of the indemnifying party to fulfill a responsibility or obligation explicitly (not impliedly) arising under our Agreement, regardless of whether the other party was negligent. You and we will promptly tender and reasonably cooperate with each-other in any matter for which defense/indemnification is owed. The indemnifying party will have the right to conduct the defense and compromise claims through reasonable counsel, provided that it cannot without the indemnified party's consent admit guilt or fault on behalf of the indemnified party or agree to relief other than monetary relief which it alone will pay, and the indemnified party will have the right to provide input as to the conduct of the case.

Limitation on damages. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN OUR AGREEMENT, NEITHER YOU NOR WE WILL BE LIABLE TO EACH-OTHER PURSUANT TO OUR AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY IT, OR THE EXERCISE OF RIGHTS UNDER IT FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES, GOODWILL, OR LOST PROFITS, HOWEVER CAUSED, ON ANY THEORY OF LIABILITY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY US OR OUR REPRESENTATIVES WILL CREATE A WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF OUR OBLIGATIONS HEREIN. AS A FUNDAMENTAL PART OF THE BASIS OF OUR BARGAIN YOU AGREE THAT OUR AGGREGATE LIABILITY IN ANY MATTER IS LIMITED TO THE GREATER OF \$25,000 OR THE FEES EXCLUSIVE OF PASS-THROUGHS WE RECEIVED IN CONNECTION WITH THE SERVICE TO WHICH THE MATTER IS RELATED IN THE YEAR PRIOR TO THE FIRST INSTANCE OF SUCH LIABILITY ACCRUING IN WHOLE OR IN PART.

Interpretation. When interpreting our Agreement, the phrases "including," "such as," and "for example" mean "including but not limited to." References to "law" include statutory law, regulations, enforceable orders, and common law at all levels of government. "May" means "can, but is not required to." Where our Agreement assigns a responsibility to a

party regardless of whether the word “responsible” is used, unless otherwise explicitly stated it is that party’s sole responsibility. References to timeliness mean within the timeframes we specify and not later than appropriate to comply with legal deadlines. Any failure to strictly enforce our Agreement will not operate as a waiver or require future waivers. As a material inducement to enter into our Agreement, you waive any argument that our Agreement is unenforceable as written, including with respect to early termination and transition fees. There are no third party beneficiaries of our Agreement other than, and to the extent, a third party is entitled to indemnification under it or a Paychex affiliate is deemed a party to it pursuant to a Service, no-one else is entitled to enforce or rely on it. The substantive terms of our Agreement are not affected by where they appear or the heading under which they appear. You and we are sophisticated business entities with access to legal counsel and have bargained over our relationship therefore no provision of our Agreement will be construed against you or us as the drafter. Any translation of the English version of our Agreement is for your convenience only. In the event of any conflict between the translation and the English version, the English version will control.

Included documents. Our Agreement, which supersedes any prior or contemporaneous agreements, understandings, or inducements (including any proposals and confidentiality/nondisclosure agreements), includes the following documents: The Signature Packet or Service Agreement Initiation Request executed by you and us; the Terms of Service; pricing schedules as they may be amended from time to time; any other current Exhibit(s); and any Addendums or other documents or supplemental terms that are explicitly incorporated in our Agreement. Other than price terms if otherwise incorporated, no part of any proposal we may have made is part of our Agreement. Only documents drafted by us and not altered (any alterations are rejected) can be incorporated in our Agreement. There are no external agreements, understandings, or inducements. We may send you updated documents including fee changes from time to time by mail, email to our executive contact on file for you, or other method and we update documents incorporated in our Agreement that we maintain online from time to time (we will endeavor to provide reasonable advance notice); use of our Services after updates take effect will constitute acceptance of them. We are not bound by the terms of any purchase order, vendor registration portal, web site, or other contractual language you submit to us or ask us to use; only items included in our Agreement are part of the contract between us.

Notices. Notices pursuant to our Agreement unless otherwise specified must be in writing sent by US Mail or commercial carrier properly addressed and postage paid with proof of delivery, and notice will be deemed given when delivered. Your notice address will be the one we have on file for you, which you may change by notifying us. Our notice address is shown on the Signature Packet or Service Agreement Initiation Request (we may change it by notifying you). If we give you notice of immediate termination for material breach we may do so by sending it to our executive contact on file for you by email or by facsimile along with written notice as provided above, and it will take effect immediately when we send it.



Kern Medical Surgery Center, LLC  
9300 Stockdale Hwy, Suite 200  
Bakersfield, CA. 93311  
661-964-2470

## **BOARD OF MANAGERS KERN MEDICAL SURGERY CENTER, LLC REGULAR MEETING**

February 18, 2026

**Subject:** Proposed retroactive Quote 97-00088 with Olympus America Inc. for maintenance and support for endoscopy equipment and software

**Recommended Action:** Approve; Authorize Chief Executive Officer to sign

**Summary:**

Kern Medical Surgery Center, LLC requests that your Board approve the proposed retroactive Quote 97-00088 with Olympus America Inc. for maintenance and support for endoscopy equipment and software.

This proposed purchase will allow Kern Medical Surgery Center, LLC to have full repair coverage with on the five owned scopes and unrestricted access to technical support on the GI tower currently used for colonoscopy and esophagogastroduodenoscopy procedures performed at the Surgery Center.

The cost is limited to products in Schedule A which are subject to price concessions. The agreement is for a term of 36 months beginning January 8, 2026 to January 7, 2029, with an annual cost of \$15,557 for a maximum payable of \$46,671 plus any taxes and/or fees.

The quote is being brought retroactively due to the immediate need to repair the GI scopes.

Counsel is unable to approve due to nonstandard terms, which include interest on late payments and liability limited to the amount of the agreement. Attempts to negotiate acceptable revisions with the vendor were made but were unsuccessful.

Therefore, it is recommended that your Board approve the proposed retroactive Quote 97-00088 with Olympus America Inc. for maintenance and support for endoscopy equipment and software, for a term of 36 months effective January 8, 2026 to January 7, 2029, for a maximum payable of \$46,671 plus any taxes and/or fees, and authorize the Chief Executive Officer to sign.



Quote Number:	97-00088
Please refer to this number on all correspondence.	
SAP ID:	20042884
Contract Start Date:	11/25/2025
Contract End Date:	11/24/2028

CONFIDENTIAL AND PROPRIETARY - All information contained on this quotation is confidential and proprietary to Olympus

Dear: Valued Customer

05126

Thank you for providing Olympus with the opportunity to quote our service offering.

The following services are applicable to an Equipment Service Agreement:

- Full repair coverage with no cap for all contracted equipment, including accidental damage coverage at no extra charge
- Prioritized equipment repairs, typically with 24 - 48 hour turnaround
- Next day shipping in both directions included at no extra charge
- 24/7 technical support: Weekdays 7:00 a.m. - 8:00 p.m. ET at (800) 848-9024 or all other times at (877) 624-7267
- Online repair tracking and history at <https://myolympusservice.com>
- Periodic and on-demand training and support provided by Olympus Endoscopy Support Specialists and full access to preventative maintenance and educational courses offered through Olympus Continuum
- Access to loaner equipment (available upon request and subject to availability) at no extra charge for covered items; Customer acknowledges, represents, or warrants that the relevant items will be used or have been used for "human use" only.
- Service Contracts administrative support: Weekdays 8:30 a.m. - 5:30 p.m. ET by phone at (800) 401-1075 or by email at [service.contracts@olympus.com](mailto:service.contracts@olympus.com)

The following series are applicable to a Software Maintenance Agreement:

- 24/7 technical support: Weekdays 7:00 a.m. - 8:00 p.m. ET at (800) 848-9024 or all other times at (877) 624-7267
- Remote technical support option available with approved Olympus remote software
- Priority on-site technical support available if Olympus determines an issue cannot be resolved via telephone support or remote support
- All applicable software updates, patches, and bug fixes
- Software upgrades, new features, or major enhancements may be provided at Olympus' discretion
- Customer training / In-services provided upon request

Please review all terms in the attached documentation and sign the applicable agreement, including the Schedules B-1 and B-2, along with any additional documentation required. The prices listed in this quotation are subject to final review and approval by Olympus. To help expedite the processing of your agreement, please answer the following:

1. Does your organization require a Purchase Order to appear on invoices?  YES  NO
2. If you answered YES to question 1, please provide the P.O. number here: \_\_\_\_\_
3. Is the Purchase Order attached with the executed agreement?  YES  NO  N/A
4. Has the agreement, including Schedules B-1 and B-2, been signed by an authorized signer?  YES  NO

All required documents should be fully executed and returned by email to [service.contracts@olympus.com](mailto:service.contracts@olympus.com).

We value the trust that you put into Olympus by partnering with us for your service needs. We are committed to helping healthcare providers protect their investment in Olympus products by extending the useful life of the equipment, maximizing procedural uptime and improving clinical performance.

Should you have any questions regarding this quotation, feel free to contact me and I will be happy to assist you.

Sincerely,  
 Service Contract Sales Support Specialist  
 Phone: (800) 401-1075  
 Email: [Service.Contracts@Olympus.com](mailto:Service.Contracts@Olympus.com)



Quote Number:	97-00088
Please refer to this number on all correspondence.	
SAP ID:	20042884
Contract Start Date:	11/25/2025
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**SCHEDULE B-2 - SUMMARY OF AGREEMENT**

If an Agreement is NOT Included in this Quote for Customer's execution at this time, then:

1. this Schedule B-2, which incorporates the attached Schedule B-1 (collectively, Schedule B-2 and B-1 referred to herein as the "Schedule"), is subject to a Master Equipment Service Agreement or Master Software Maintenance Agreement between Customer and Olympus or Customer's affiliate and Olympus (the "Agreement");
2. this Schedule B-2 forms a separate agreement between Customer and Olympus; and
3. the Agreement is hereby incorporated into this Schedule B-2 by this reference.

Capitalized terms used in this Schedule not otherwise defined herein shall have the definitions specified in the Agreement. The terms of the Agreement shall govern and control in case of conflict with this Schedule. Subject to alterations and amendments contained in this Schedule, Olympus and Customer ratify and confirm the Agreement as applicable to this Schedule in all other respects.

**SECTION A:**

Customer Information                      SAP ID  
 KERN MEDICAL SURGERY CENTER LLC    20042884

9300 STOCKDALE HWY BAKERSFIELD, CA 93311  
 Attention:    Valued Customer  
 Phone:  
 Fax:  
 E-mail:  
 Term of Agreement in Months:            36.00

Olympus Sales Representative  
 Sales Rep:                                    Brian Baxter  
 Phone:  
 Home page:                                 <http://www.olympusamerica.com>  
 Agreement Type:                            Full Service  
 Quotation Date:                             11/25/2025  
 Quotation Expiration Date:               2/23/2026

Quantity	Product Category	Catalog List Price	Consumption Based Price	Your Price
5	GI Video	\$ 45,000.00	\$ 45,000.00	\$ 38,624.40
	Service Agreement for equipment:	\$ 45,000.00	\$ 45,000.00	\$ 38,624.40
	Pre-Effective Date Repairs:	\$ 11,493.00	\$ 11,493.00	\$ 8,045.10
	Subtotal:	\$ 56,493.00	\$ 56,493.00	\$ 46,669.50
	Less Payments from Olympus Advantage Program (If applicable):			\$ -
	Total of Payments from Customer:			\$ 46,669.50
	Fixed Annual Rate:			\$ 15,556.50
	Payment Frequency:		Monthly	
	First Periodic Payment:			\$ 1,296.38

Last Invoice may be adjusted to reconcile contract net value.

**SECTION B - Facility Type:** NonASC

**SECTION C - Discounts\*:**

Pre-Site Discount:	30.00%
Buying Group Discount Medical:	0.00%
Buying Group Discount Surgical:	0.00%
EndoTherapy Agreement, Service Discount**:	0.00%
Corporate Discount:	14.17%
Total of Discounts	<u>17.39%</u>

\*Adjustments and discounts subject to the Disclosure of Discounts provided under the applicable agreement.

\*\*When applicable and in order to obtain the Endotherapy Agreement Service Discount, the related Endoscopy Commitment Agreement must be (a) executed by Customer and Olympus and (b) continue in effect through the term of the Equipment Service Agreement.

**SECTION D - Pre-Effective Date Repairs:**

If applicable to the purchase, and to establish proper working condition of the applicable Equipment (as defined in the Equipment Service Agreement or Master Equipment Service Agreement), Olympus may, in its sole discretion and at no additional charge, provide an Olympus representative to conduct an initial on-site visual inspection of the applicable Equipment. Results of the initial on-site visual inspection are valid for only 90 days. All repairs necessary to return the applicable Equipment to proper working condition will be identified as "Pre-Effective Date Repairs" and the cost will be added to the total Fixed Annual Rate. For the avoidance of doubt, "Pre-Effective Date Repairs" are only applicable to an Equipment Service Agreement or Master Equipment Service Agreement.

**SECTION E - Contract Start Date:**

(a) For an Equipment Service Agreement - The stated Contract Start Date is valid only if this Quote is returned to Olympus executable within thirty (30) days of the stated Contract Start Date. If the Quote is not returned to Olympus executable within thirty (30) days of the stated Contract Start Date, or if no Contract Start Date is provided on the Quote, the Contract Start Date will be hereby amended to be the date on which the executable Quote is signed and returned by the Customer to Olympus. If quoting Equipment with a ship date later than the Contract Start Date, Olympus will adjust the price of the Services fees for the applicable Equipment based on the ship date. Olympus will send written notification should a delayed shipment be required.

(b) For a Software Maintenance Agreement in which the software is not already installed, the Contract Start Date will be hereby amended to be the date of installation of such software. For a Software Maintenance Agreement for existing installed software, the Contract Start Date will be hereby amended to the date of execution.

**Agreed and Accepted By**

Authorized Customer Signature 	Title Chief Executive Officer	Date 1/6/2026
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**Olympus America Inc.**

Authorized Olympus Signature Karen Hucaluk (Jan 8, 2026 17:05:29 EST)	Title Manager, Service Contracts	Date 01/08/2026
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REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Shannon Hochstein  
Kern County Hospital Authority



Quote Number:	97-00088
Please refer to this number on all correspondence.	
SAP ID:	20042884
Contract Start Date:	11/25/2025
Contract End Date:	11/24/2028

SCHEDULE B-1 - Line Item Pricing of Equipment

	Model	Serial Number	Condition	Term (Months)	Product Category	Your Price Per Term	Price Per Item Per Year	Pre-Effective Repair Fee	Comments
1	CF-HQ190L	2773287	New	36.00000	GI Video	\$ 7,724.88	\$ 2,574.96	N/A	
2	GIF-HQ190	2313844	New	36.00000	GI Video	\$ 7,724.88	\$ 2,574.96	N/A	
3	GIF-HQ190	2858735	New	36.00000	GI Video	\$ 7,724.88	\$ 2,574.96	N/A	
4	PCF-HQ190L	2204064	New	36.00000	GI Video	\$ 7,724.88	\$ 2,574.96	\$ 8,045.10	
5	PCF-HQ190L	2206052	New	36.00000	GI Video	\$ 7,724.88	\$ 2,574.96	N/A	

The equipment listed above includes all Equipment covered by this Agreement as of the date of execution or renewal. Any changes to this list must be mutually agreed to in writing, and my result in an increase or decrease in the Fixed Annual Rate.

# Equipment Service Agreement

This Equipment Service Agreement (the "Agreement") is between Olympus America Inc. ("Olympus"), 3500 Corporate Parkway, Center Valley, Pennsylvania 18034, and

Customer Name ("Customer") Kern Medical Surgery Center LLC	Agreement # 97-00088
Customer Street Address 9300 Stockdale Highway	City/State/Zip Bakersfield / CA / 93311

**1. Description of Services.** Olympus will, directly or through the original equipment manufacturer, perform the following services (the "Services") pursuant to Schedule B-2 (Summary of Equipment Service Agreement) for the equipment identified on Schedule B-1 (Line Item Pricing of Equipment) (the "Equipment") as issued by Olympus:

- a) Provide Customer with unrestricted access to technical support twenty-four (24) hours a day, seven (7) days per week. Contact the Olympus Technical Assistance Center ("TAC") at 1-800-848-9024, Option 1 (Monday through Friday between 7am and 8pm ET) or 1-877-624-7267 (Weekends and Monday through Friday between 8pm and 7am ET).
- b) Provide a telephone response to technical inquiries for repairs within four hours.
- c) At no additional charge, provide Customer next-day, pre-paid shipping labels to send Equipment to Olympus for repair and to return repaired Equipment to Customer via next day freight.
- d) Provide all parts and labor necessary to complete the service to Olympus' then-current service specifications. Olympus may use reconditioned, refurbished, and/or serviceable used parts that satisfy Olympus' regulatory and quality standards.
- e) Provide access to the Olympus online service portal (<https://myolympuservice.com>) to enable the management of various aspects of the service.
- f) Provide Customer's employees with access to Olympus Continuum educational courses. A complete listing of courses offered can be found at <https://continuum.olympusprofed.com/>. Unless otherwise noted in the course description, course fees are included as part of this Agreement.

**2. Exceptions.** This Agreement does not cover:

- a) Supplies and consumables used during normal use or during the service or repair process, including, without limitation, reprocessing chemicals, lamps, cables, thermal head printers, filters, and connectors;
- b) Software products;
- c) Testing or certification of leakage current, unless otherwise specified in writing;
- d) Except for Pre-Effective Date Repairs (defined below), any Equipment which has been disassembled, repaired, tampered with, changed, or modified by persons other than Olympus' own authorized service personnel unless such service or repair by others is made with the written consent of Olympus;
- e) Defects or damage to the Equipment resulting from Customer's misuse, abuse, negligence, non-performance of scheduled operator and maintenance items, failing to comply with the Instructions For Use (IFU), or acts of God and other natural or man-made disasters;
- f) Equipment which does not contain a validly placed and recorded Olympus serial number; or
- g) Partial service or repair requests.

**3. Customer Obligations.** In order to receive Services, Customer shall assist Olympus in the following ways:

- a) Open a Return Material Authorization ("RMA") for each service event over the telephone (1-800-848-9024, Option 3) or through the Olympus online service portal. Provided Customer opens an RMA during the Term, and uses pre-paid shipping labels provided by Olympus, Olympus will assume the risk of loss of or damage to the Equipment while the Equipment is in transit to and from Olympus. All repaired Equipment shall be delivered DAP (INCOTERMS@2020) to the Customer address stated in the applicable service order.
- b) Provide Olympus service personnel with reasonable assistance for diagnosing and correcting Equipment problems by telephone and, upon request, with reasonable notice, and during normal business hours, provide Olympus with access to the Equipment and Replacement Equipment (defined below).

- c) Comply in all aspects with the Advanced Replace® Program described in Section 5, if applicable.
- d) Follow operating, reprocessing, cleaning, and maintenance procedures, as applicable, for the Equipment and Replacement Equipment as described in Olympus' instruction manuals and in accordance with all applicable federal, state, and local laws, including reprocessing and adequately packaging Equipment that comes into contact with potentially infectious material before sending it to Olympus. In addition, Customer represents and warrants that the Equipment and Replacement Equipment have only been used for human use by properly licensed physicians performing procedures on Customer's behalf.
- e) Remove all Protected Health Information ("PHI"), as defined in the Health Insurance Portability and Accountability Act ("HIPAA"), from the Equipment and Replacement Equipment before sending it to Olympus for service or otherwise. If assistance is needed to remove PHI, then Customer should contact TAC.

**4. Eligibility of Loaner Units.** If requested and available, Olympus shall provide priority access, at no additional charge, to a temporary loaner unit (the "Loaner Unit") to be utilized at Customer's location while Customer's Equipment is being serviced. A separate Substitute Equipment Agreement must be executed by Customer in order to receive a Loaner Unit.

**5. Advanced Replace® Program.** Following Olympus' issuance of an RMA, Olympus will provide Customer, at no additional charge, replacement equipment through the Advanced Replace Program (the "Replacement Equipment"). Advanced Replace Program services are available for most surgical equipment, requested by Customer and subject to availability. The Replacement Equipment will be like-kind to maintain consistency with Customer's Equipment to be serviced ("Non-Functioning Equipment"). Once Olympus receives Customer's Non-Functioning Equipment, title to the Replacement Equipment will transfer to Customer on an "AS IS, WHERE IS" basis, without recourse to or warranty of Olympus, except in the case where the original manufacturer's warranty on the Non-Functioning Equipment remains in effect, in which case such original manufacturer's warranty will continue to apply to the Replacement Equipment for such warranty's initial stated duration. Likewise, when Olympus receives Customer's Non-Functioning Equipment, title to the Non-Functioning Equipment will transfer to Olympus on an "AS IS, WHERE IS" basis, without recourse to or warranty of Customer. Customer shall ship the Non-Functioning Equipment to Olympus within thirty (30) days from the date Olympus ships the Replacement Equipment to Customer. If Customer fails to send the Non-Functioning Equipment to Olympus within the above stated time frame, then Olympus will invoice Customer, and Customer agrees to pay, the full replacement cost of the Replacement Equipment. Once title to the Replacement Equipment is transferred to Customer, such Replacement Equipment will hereby automatically become Equipment under this Agreement, and Schedule B-1 will be hereby amended to include such Replacement Equipment at Olympus' then current Customer rate for the same or substantially similar equipment.

(a) Misuse of Advanced Replace Program. Olympus reserves the right to refuse to provide Customer with Replacement Equipment if Olympus reasonably believes, in its sole and absolute discretion, that Customer is abusing the intent of the Advanced Replace Program.

**6. Term; Termination.** Provided that Customer signs and returns an executable version of this Agreement, Schedule B-1 and Schedule B-2 within thirty (30) days of the stated Contract Start Date set forth on Schedule B-2, then the term of this Agreement will commence on the Contract Start Date indicated on Schedule B-2 (the "Contract Start Date") (the "Effective Date") and will continue for the period of time identified on Schedule B-2 (the "Term"). In the event an executable version of this Agreement, Schedule B-1 and Schedule B-2 are not signed and returned by Customer within thirty (30)

days of the stated Contract Start Date, or if no Contract Start Date is provided on Schedule B-2, then the Effective Date shall be hereby amended to be the date on which an executable version of this Agreement, Schedule B-1 and Schedule B-2 are signed and returned by the Customer to Olympus. In the event any Equipment is not shipped to Customer before the Effective Date, then Olympus agrees to adjust the Services fees for the applicable Equipment based upon such ship date. Either party may terminate this Agreement (a) upon thirty (30) days written notice to the other party, if the other party breaches any of its material obligations under this Agreement and such breach is not cured during such 30-day notice period, or (b) commencing twelve (12) months after the Effective Date, without cause upon ninety (90) days written notice to the other party.

#### 7. Pricing; Payment.

(a) The Services fees are set forth on Schedule B-2 and Customer may choose to pay in monthly, quarterly, semi-annual, or annual installments as indicated on Schedule B-2. Customer will be invoiced for the first payment upon the Effective Date of this Agreement. Olympus reserves the right to re-negotiate pricing under this Agreement due to Customer over-consumption of Services under this Agreement.

(b) Customer hereby agrees to pay for Services provided by Olympus. Payment terms for remittances in the form of EFT, ACH, wire transfer and check are net thirty (30) days from the date of each invoice. Payment terms for all other methods are net fifteen (15) days from the date of each invoice.

(c) The Services fees and other amounts due under this Agreement shall be made by Customer unconditionally without defense, counterclaim, or offset for any reason.

(d) The expiration or earlier termination of this Agreement does not release either party from its obligations nor operate to discharge any liability accrued under this Agreement, including, without limitation, the balance due for any Pre-Effective Date Repairs set forth on Schedule B-1 and Schedule B-2. Upon expiration or termination of this Agreement, except for a termination for cause by Olympus, Olympus will refund to Customer any portion of the Services fees that was prepaid.

(e). To the extent allowed by law, any delinquent payment shall continue to accrue interest at the lower of 12% per annum or the highest lawful rate from the due date until paid.

**8. Disclosure of Discounts.** This Agreement may result in a discount or reduction in price for the Services. Customer is obligated to properly disclose and appropriately reflect the net value or reduced prices of the Services on applicable cost reports or in charges to Medicare, Medicaid, and other federal health insurance programs or state health insurance programs (collectively, the "Insurance Programs") in accordance with Section 1128B(b)(3) of the Social Security Act, 42 U.S.C. §1320a-7b(b)(3). For purposes of proper reporting and disclosure to the Insurance Programs, a more detailed breakdown of Customer's cost of Services is located on Schedule B-2, which Customer should retain and make available to federal or state governmental officials upon appropriate request. Customer should contact Olympus if further information is required.

**9. Trade In/Obsolete Equipment.** Periodically, Customer may trade in equipment or Olympus may identify equipment as obsolete and no longer capable of being serviced. If Equipment contained on Schedule B-1 is either (a) traded in; or (b) identified as obsolete, then Olympus will provide a notice to Customer to inform Customer of the date on which such Equipment shall be removed from Schedule B-1, and Customer shall be provided a pro rata adjustment for such Services fees. Customer and Olympus agree that such notification from Olympus shall be sufficient to amend the Agreement for the sole purposes stated in this Section.

**10. Taxes.** The prices in this Agreement do not include taxes. Customer will be invoiced for all license and registration fees, sales, use, property, value-added or other taxes Olympus is required to pay based on this Agreement if (a) Customer fails, following request from Olympus, to timely provide a tax exemption certificate to Olympus, (b) Customer loses tax-exempt status or is acquired by an entity which is not tax-exempt, or (c) a taxing authority imposing a tax does not permit Olympus to obtain the benefit of Customer's tax exemption. This Section does not apply to taxes based on Olympus' income.

**11. Default and Remedies.** Any of the following events or occurrences will constitute an event of default by Customer under this Agreement: (a) Olympus has not received full payment within fifteen (15) days after its due date; (b)

Customer becomes insolvent or has a proceeding under any bankruptcy law commenced by or against Customer; (c) Customer has a material change in ownership; or (d) Customer does not comply with each term of this Agreement, including without limitation the Customer Obligations. Upon Customer's default and subject to the notice requirements in Section 6, Olympus, or its assignee or designee, may suspend Services until all required payments have been made, terminate the Agreement, and/or pursue any other remedies available at law or in equity.

**12. Limited Warranty.** Subject to the exclusions, limitations and disclaimers set forth below, Olympus represents and warrants to Customer that (i) the Services will be performed in a good and workmanlike manner; (ii) the specific problem addressed by the Services performed will not recur due to defects in materials or workmanship for a period of twelve (12) months from the date of performance of such Services; and (iii) Olympus and Olympus personnel, agents and any authorized subcontractors engaged to provide the Services, have and will maintain the skills, experience, and qualifications necessary to provide the Services, including any required training, registration, permits, certification or licensure. EXCEPT FOR THE LIMITED WARRANTY SET FORTH ABOVE, OLYMPUS MAKES NO AND DISCLAIMS ALL OTHER REPRESENTATIONS, GUARANTIES, CONDITIONS OR WARRANTIES OF ANY KIND WHATSOEVER, WHETHER EXPRESS OR IMPLIED OR ARISING UNDER ANY STATUTE, ORDINANCE, COMMERCIAL USAGE OR OTHERWISE, WITH RESPECT TO THE SERVICES AND TRAINING PROVIDED HEREIN AND THE EQUIPMENT, REPLACEMENT EQUIPMENT, COMPONENTS, SUPPLIES, PARTS AND MATERIALS PROVIDED IN CONNECTION WITH SUCH SERVICES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS TO THE MERCHANTABILITY OF THE EQUIPMENT AND ITS FITNESS FOR A PARTICULAR PURPOSE, OR RELATING TO THE INFRINGEMENT OF ANY PATENT, COPYRIGHT, OR OTHER PROPRIETARY RIGHT, OR ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE OF THE SERVICES HEREIN. IN NO EVENT AND UNDER NO CIRCUMSTANCES SHALL OLYMPUS BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOSS OF USE, OR LIABILITIES TO OTHER PARTIES, HOWEVER CAUSED, WHETHER IN CONTRACT, TORT, NEGLIGENCE, OR OTHERWISE. CUSTOMER ACKNOWLEDGES AND AGREES THAT OLYMPUS' LIABILITY AND CUSTOMER'S EXCLUSIVE REMEDY IS LIMITED TO THE PERFORMANCE OF THE SERVICES PROVIDED UNDER THIS AGREEMENT OR THE FAIR MARKET VALUE THEREOF. THE PARTIES AGREE THAT OLYMPUS' TOTAL AGGREGATE LIABILITY FOR ANY DAMAGES UNDER THIS AGREEMENT SHALL NOT EXCEED THE TOTAL AMOUNTS PAID BY CUSTOMER UNDER THIS AGREEMENT.

SOME STATES MAY NOT RECOGNIZE A DISCLAIMER OR LIMITATION OF WARRANTIES AND/OR LIMITATION OF LIABILITY SO THE ABOVE EXCLUSIONS MAY NOT APPLY TO CUSTOMER. CUSTOMER MAY ALSO HAVE DIFFERENT AND/OR ADDITIONAL RIGHTS AND REMEDIES THAT VARY FROM STATE TO STATE. IF ANY IMPLIED WARRANTIES APPLY AS A MATTER OF LAW, THEN THEY SHALL BE LIMITED IN DURATION TO THE LENGTH OF THIS WARRANTY. OLYMPUS DOES NOT WARRANT THE RESULTS OF ITS SERVICES WITH RESPECT TO SOFTWARE PROGRAMS.

Representations and warranties made by any person, whether in writing or orally, including but not limited to representatives, employees or agents of Olympus, which are inconsistent or in conflict with or in addition to the terms of this warranty, shall not be binding upon Olympus unless reduced to writing and approved by an expressly authorized officer of Olympus.

**13. Assignment; Complete Agreement; Notice; Waiver.** Neither party shall assign this Agreement without the prior written consent of the other party, which may not be unreasonably withheld. This Agreement, including Schedule B-1 and Schedule B-2, incorporated herein by this reference, constitutes the entire agreement of the parties relating to the subject matter of this Agreement and supersedes all other oral or written agreements or policies relating thereto. Any terms and conditions contained in any purchase order or other document received from Customer shall not apply to this Agreement. No course of dealing or usage of trade shall be applicable unless expressly incorporated into this Agreement. All notices will be in writing and deemed provided when mailed or sent by first class mail or recognized overnight delivery service, postage prepaid, addressed to the corresponding address set forth above or at such other address as a party may subsequently provide in writing. Except as expressly provided in this Agreement, this

Agreement will not be modified, waived, or discharged unless that modification, waiver, or discharge is agreed to in writing by an authorized signatory of each party. No waiver by either party of any breach of this Agreement by the other party will constitute a waiver of any other breach occurring at the same time or before or after. Except as expressly provided in this Agreement, (a) this Agreement may not be waived, changed, discharged or terminated orally or by any course of dealing between the parties, but only by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought, and (b) an email shall not constitute a writing sufficient to modify this Agreement.

**14. Governing Law/Venue.** Intentionally Omitted.

**15. Collection Expenses.** If Olympus retains the services of a collection agency or attorney to assist in the collection of any amounts due by Customer under this Agreement, Customer shall pay all expenses, including reasonable attorney's fees, incurred by Olympus in such collection efforts.

**16. Force Majeure.** Except for payment obligations, a party will be excused from performing its obligations under this Agreement if performance is prevented by a Force Majeure event during the period of time that the Force Majeure event continues. As used in this Agreement, "Force Majeure" means fire or other casualty, product or material shortages, strikes or labor disputes, transportation delays, manufacturer out-of-stock or delivery disruptions, acts of God, seasonal supply disruptions, terrorism or other causes beyond a party's reasonable control.

**17. Non-Exclusion Certification.** Neither Olympus nor any of its employees providing the Services are excluded or debarred from participation in any federal health care programs, as defined under 42 U.S.C § 1320a-7b(f), or any form of state Medicaid program.

**18. Access to Records.** During the Term of this Agreement and for a period of four (4) years thereafter, Olympus will make available, upon request from the Secretary of Health and Human Services, the Comptroller General of the United States or any of their duly authorized representatives, this Agreement and the relevant books, documents, and records of Olympus which are necessary to verify the costs of the Services provided hereunder by Olympus, in accordance with applicable United States government regulations in effect from time to time. If Olympus carries out any of its duties under this Agreement through a subcontract with a related organization, the value or cost of which is \$10,000 or more over a twelve-month period, then such subcontract shall contain a clause to the effect that until the expiration of four years after the furnishing of services pursuant to such subcontract, the related organization shall make available, upon request from the Secretary of Health and Human Services, the Comptroller General of the United States or any of their duly authorized representatives, the subcontract and the relevant books, documents and records of the related organization that are necessary to verify the nature and extent of such costs.

**19. Compliance with Laws; Sunshine Act.** Each party represents and warrants to the other party that it and its employees, agents, and representatives, shall comply with all applicable federal and state statutes, laws, rules and regulations. Olympus and Customer hereby agree to cooperate with each other to ensure compliance with such laws. Customer acknowledges that Olympus is obligated to report transfers of value under the Physician Payments Sunshine Act.

**20. HIPAA Compliance.** Both parties agree to comply with all applicable federal and state laws and regulations, including compliance with the Health Insurance Portability and Accountability Act ("HIPAA") of 1996. To the extent applicable to Olympus' obligations under this Agreement, Olympus shall endeavor to implement safeguards, consistent with HIPAA, regarding the use and disclosure of Protected Health Information ("PHI"). In the event Olympus is a "Business Associate", as defined under HIPAA, Olympus and Customer agree to negotiate in good faith a Business Associate Agreement to enable the parties to comply with the requirements applicable to a Business Associate under HIPAA.

**21. Confidentiality.** Each party hereby acknowledges and agrees that all information related to this Agreement and all amendments entered into by the parties throughout the Term of this Agreement, including but not limited to the pricing on Schedule B-2 incorporated herein, that are not otherwise known to the public, are confidential and proprietary (the "Confidential

Information") and shall not be disclosed to any third party without the prior written consent of the party disclosing such information. The receiving party acknowledges that the information shall be treated as Confidential Information even where the specific marking is inadvertently omitted from the page if the information should be reasonably regarded as confidential by its nature and under the circumstances in which it was provided to the receiving party. The receiving party shall protect the disclosed Confidential Information by using the same degree of care, but no less than a reasonable degree of care, to prevent the unauthorized use, dissemination or publication of the Confidential Information as the receiving party uses to protect its own confidential information of a like nature. The receiving party shall not disclose Confidential Information to any third party except to the receiving party's employees or affiliates who have a need to know such information and who are bound to keep such information confidential under terms and conditions at least as restrictive as those set forth herein. Notwithstanding any other provision of this Agreement to the contrary, each party shall have the right to disclose the terms of this Agreement to its attorneys, accountants, and other third parties retained by each party (collectively, "Consultants") provided any such Consultants (a) have a bona fide need to know the information disclosed and (b) are bound by a non-disclosure agreement consistent with and at least as restrictive as this section. Each party shall be liable for the acts and omissions of its Consultants with regard to such disclosure. The obligations of confidentiality set forth herein shall not apply to any information which is: (i) in the public knowledge at the time of disclosure; (ii) known by the receiving party prior to its receipt from the disclosing party without any obligation of confidentiality with respect thereto; (iii) published or available to the general public after disclosure, otherwise than through a breach of this Agreement; (iv) obtained by a party from a third party with a valid right to disclose such confidential information, provided that said third party is not under a confidentiality obligation to the disclosing party or any other third party; or (v) developed by one party independently of any disclosures made by the other party, as demonstrated by the receiving party's written records. Notwithstanding anything to the contrary, in the event the recipient is required by law or legal process to disclose the other party's Confidential Information, including in response to a valid order of any governmental agency or court of competent jurisdiction or subject to any local, state, or federal Freedom of Information Act or equivalent ("Legal Proceeding"), the recipient shall notify the disclosing party within twenty-four (24) hours of its receipt of such request to allow the disclosing party an opportunity to seek judicial intervention prior to the expiration of the time allotted for the disclosure of the Confidential Information. The recipient agrees that it will only disclose, when required, the minimum amount of information to satisfy any such required disclosure. The receiving party's disclosure of Confidential Information pursuant to a Legal Proceeding shall not alter the confidential nature of the information or its treatment as "Confidential Information" for the purposes of the balance of this Agreement.

**22. Service Indemnification**

(a) Olympus shall defend Customer from any suit or proceeding brought against Customer based on a third party's claim for bodily injury or property damage to the extent resulting from the Services provided hereunder, provided Olympus is (i) notified promptly in writing of any such claim; (ii) given authority to control fully any such suit or proceeding; and (iii) in receipt of information and reasonable assistance and cooperation from Customer in preparation of the defense of any such suit or proceeding. Provided Customer complies with the above requirements, Olympus shall pay all damages, costs, and expenses, including reasonable attorneys' fees of third parties (excluding Customer and affiliates of Customer), that Customer shall be legally required to pay on the basis of bodily injury or property damage and shall reimburse Customer for any authorized expense it incurs at Olympus' written request. Notwithstanding the foregoing, Olympus' liability to Customer for the aforementioned damages, costs, and expenses shall not exceed \$1,000,000.00 per occurrence and \$2,000,000.00 for all occurrences combined.

(b) Notwithstanding subsection (a) above, Olympus shall not be liable to Customer to the extent the bodily injury or property damage claim is based on or arises out of: (i) Customer's negligence, omissions, misconduct, or breach of this Agreement; (ii) third party services or third party products not manufactured by OLYMPUS or not bearing the OLYMPUS brand label; (iii) Equipment serviced under this Agreement which has been disassembled, repaired, tampered with, altered, changed or modified by persons other than Olympus' own authorized service personnel; or (iv) failure of Customer or the end-user to use updated components provided by Olympus for avoiding such bodily injury or property damage. THE FOREGOING SETS FORTH CUSTOMER'S EXCLUSIVE REMEDY AND OLYMPUS' SOLE OBLIGATION WITH

RESPECT TO ANY CLAIMS OF BODILY INJURY OR PROPERTY DAMAGE RELATING TO THE SERVICES SUPPLIED HEREUNDER. IN NO EVENT SHALL OLYMPUS BE RESPONSIBLE, WHETHER UNDER THIS SECTION, IN CONTRACT, TORT, OR OTHERWISE, FOR ANY INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL LOSSES OR DAMAGES, WHETHER OR NOT OLYMPUS SHALL BE OR SHOULD BE AWARE OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE.

23. **Independent Contractor.** Olympus is at all times serving as an independent contractor to Customer. Nothing in this Agreement shall be construed to make or render either party or any of its officers, agents, or employees an employee of, or joint venture of or with the other for any purpose whatsoever, including without limitation, participation in any benefits or privileges given or extended by Customer to its employees.

24. **Headings.** The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any provision hereof.

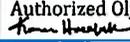
25. **Severability; Counterparts; Authorization.** If any provision of this Agreement is unenforceable to any extent, then the remainder of this Agreement will not be affected by that unenforceability and will be enforceable to the fullest extent permitted by law. The parties may execute this Agreement in counterparts, each of which is an original and all of which together will constitute one instrument. An electronic transmission of an original will constitute delivery of an original. Each party represents and warrants to the other party that the individuals executing this Agreement are authorized to enter into this Agreement and bind their respective entities.

**AGREED AND ACCEPTED BY:**

**Customer**

Authorized Customer Signature: 	Printed Name: Scott Thygerson	Title: Chief Executive Officer	Date: 1/6/2026
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**Olympus America Inc.**

Authorized Olympus Signature  <a href="#">Karen Hucaluk (Jan 8, 2026 17:05:29 EST)</a>	Printed Name: Karen Hucaluk	Title: Manager, Service Contracts	Date:
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Please return executed Agreement to: Olympus America Inc. | Attn: Service Contracts Team | 3500 Corporate Parkway | Center Valley, PA 18034  
 Email: [service.contracts@Olympus.com](mailto:service.contracts@Olympus.com) 01/08/2026

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By   
Kern County Hospital Authority

**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 February 18, 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 practitioners (Health and Safety Code Section 101855(j)(2)) –

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 18, 2026, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

  X   CONFERENCE WITH LEGAL COUNSEL - 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 –

**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 February 18, 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 February 18, 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)) –