



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, December 15, 2021

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Resolution honoring Toni Smith, Chief Nursing Officer, upon her retirement with 25 years of dedicated service to Kern Medical Center and the nursing profession –
ADOPT RESOLUTION
- 4) Resolution honoring Clinica Sierra Vista for 50 years of dedicated service to Kern County and Stacy Ferreira, Chief Executive Officer, for her outstanding leadership of the organization –
ADOPT RESOLUTION

ITEMS FOR CONSIDERATION

- CA
- 5) Proposed Resolution in the matter of making findings pursuant to Government Code Section 54953, as amended by Assembly Bill 361, and authorizing the continued use of virtual meetings –
APPROVE; ADOPT RESOLUTION
- CA
- 6) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on November 17, 2021 –
APPROVE
- CA
- 7) Proposed Amendment No. 2 to Agreement 014-2019 with Meridian Healthcare Partners, Inc., an independent contractor, for Chief Executive Officer and healthcare management services for the period December 16, 2018 through December 15, 2025, extending the term for an additional three years through December 15, 2028, revising the compensation methodology effective December 16, 2021, and adding a new maximum payable of \$10,859,649 for the two-year period from December 16, 2021 through December 15, 2023 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Agreement with Adventist Health Physicians Network, an independent contractor, for the provision of certain Kern Medical Center physicians to provide professional services in various clinical specialties including neurological surgery at Adventist Health Bakersfield from January 1, 2022 through December 31, 2031 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 9) Proposed Agreement with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, an independent contractor, for the provision of neurological surgery professional services at Adventist Health Bakersfield from January 1, 2022 through December 31, 2024, in an amount not to exceed \$6,000,000 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 10) Proposed retroactive Change Order No. 3 to Agreement 006-2021 with James E. Thompson, Inc., doing business as JTS Construction, an independent contractor, for construction management services related to the 4th Floor Pediatric and Postpartum Renovation project, increasing the maximum payable by \$33,588, from \$1,660,923 to \$1,694,511, to cover the cost of additional services –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE ANY FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF \$1,694,511

CA

- 11) Proposed Sourcewell State & Local FMV Lease Agreement with Pitney Bowes Inc., an independent contractor, containing nonstandard terms and conditions, for postage mail equipment and services from December 15, 2021 through December 16, 2026, in an amount not to exceed \$52,845 plus applicable taxes and fees –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed Certificate of Acceptance and Acknowledgement of Assignment with Presidio Technology Capital, LLC, an independent contractor, for the acceptance of leased equipment and the assignment of payments in support of the information technology infrastructure –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 13) Proposed retroactive Amendment No. 5 to Agreement 1048-2010 with Total Renal Care, Inc., an independent contractor, an independent contractor, for acute dialysis services for the period December 1, 2010 through November 30, 2021, extending the term through January 29, 2022 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

14)

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

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

CA

- 16) Claims and Lawsuits Filed as of November 30, 2021 –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 17) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 18) Request for Closed Session regarding per review of health facilities (Health and Safety Code Section 101855(j)(2)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, JANUARY 19, 2022 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.

16) CLAIMS AND LAWSUITS FILED AS OF NOVEMBER 30, 2021 –
RECEIVE AND FILE

- A) Summons and Complaint in the matter of Ruben Sanchez Davila, Jr., an individual, v. Kern County Hospital Authority, an entity of unknown structure; David Pouldar, M.D.; Rachel O'Donnell, M.D.; Tom Chao, M.D.; and DOES 1-100, inclusive, Kern County Superior Court Case No. BCV-21-102611
- B) Notice of Intent to Sue in the matter of Rontasia Patterson
- C) Claim in the matter of Kenneth Albert Hutchins



**Resolution Honoring Antoinette (Toni) Smith, MSN, RN, Chief Nursing Officer,
Upon Her Retirement with 25 Years of Dedicated Service to Kern Medical Center
And the Nursing Profession**

WHEREAS:

- A) Toni Smith joined Kern Medical Center in 1996, as Chief Nursing Officer; and
- B) During her time at Kern Medical Center, Toni has served as Chief Nursing Officer under four different hospital administrations; and
- C) Over the years, while sharing her compassion for the sick and underserved, Toni has focused on the development of the nursing profession in our community; and
- D) Toni is a role model for all serving in the nursing profession and those wishing to enter nursing as a career; and
- E) Toni relentlessly emphasizes the care and safety of patients to all staff; and
- F) Toni has exemplified selflessness, tirelessly worked to elevate the quality of patient care, and is always available to her staff around the clock; and
- G) Toni is personally committed to ensuring the success of Kern Medical Center throughout all her years of service; and
- H) Toni embodies the organizational values and mission of Kern Medical Center by serving the most vulnerable, training healthcare professionals, and caring for all who enter our doors and live in our community.

NOW, THEREFORE, IT IS RESOLVED that the Board of Governors of Kern County Hospital Authority hereby honors and commends Chief Nursing Officer Toni Smith for her 25 years of dedicated service to Kern Medical Center and the nursing profession, and the Board expresses its sincerest appreciation to Toni for all her accomplishments and extends its best wishes as she retires from her role as Chief Nursing Officer on December 27, 2021.

Adopted: December 15, 2021

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

**Resolution Honoring and Commending Clinical Sierra Vista for
50 Years of Dedicated Service to Kern County**

WHEREAS:

- A) Clinica Sierra Vista was formed in 1971 during the early days of the Community Health Center Movement; and
- B) Clinica Sierra Vista started from a single location in the Kern County farming community of Weedpatch; and
- C) The initial vision of Clinica Sierra Vista was to provide quality health care to migrant farmworkers; and
- D) Over the years, Clinica Sierra Vista has expanded its footprint and growth to offer care and support beyond rural areas to the inner city; and
- E) Today, Clinica Sierra Vista offers care to all those with low, moderate, and fixed incomes; and
- F) Clinica Sierra Vista serves patients and their families from an array of cultural and multilingual backgrounds; and
- G) Through its dynamic leadership, Clinica Sierra Vista has grown into a comprehensive healthcare organization serving the primary medical, dental, and behavioral health needs of Kern County and beyond.

NOW, THEREFORE IT IS RESOLVED that the Board of Governors of Kern County Hospital Authority honors and commends Clinical Sierra Vista for its outstanding accomplishments these past five decades and expresses an appreciation for its partnership and mission to care for the most vulnerable of the Kern County community.

Adopted: December 15, 2021

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



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

December 15, 2021

Subject: Proposed Resolution in the matter of making findings pursuant to Government Code Section 54953, as amended by Assembly Bill 361, and authorizing the continued use of virtual meetings

Recommended Action: Approve; Adopt Resolution

Summary:

On March 17, 2020 Governor Newsom issued Executive Order N-29-20 due to the COVID-19 pandemic. These orders specified relaxed provisions of meetings under the Ralph M. Brown Act (California's open meeting law; "Brown Act") allowing meetings to be conducted through teleconferencing. Executive Order N-29-20 expired on September 30, 2021. In response, on September 16, 2021, Governor Newsom signed Assembly Bill (AB) 361, which amends Government Code Section 54953 clarifying the Brown Act regulations and restrictions relating to the use of teleconferencing to conduct public meetings.

Discussion:

Currently the Brown Act states that should a legislative body elect to use teleconferencing it must identify each teleconferencing location in the public notice and agenda. The agenda is required to be posted at all teleconferencing locations and all locations must be publicly accessible. Additionally, a quorum of the members of the legislative body must participate from a teleconferencing location that is physically within the jurisdictional boundaries of the public agency.

Governor Newsom issued Executive Order N-29-20 suspending the Brown Act requirements due to the COVID-19 pandemic with the intention of facilitating social distancing and the mitigation of COVID-19. The Executive Order expired on September 30, 2021. In response on September 16, 2021 Governor Newsom signed AB 361 to replace the expired Executive Order.

Similar to Executive Order N-29-20, AB 361 applies during a State of Emergency proclaimed by the Governor. In addition to the State of Emergency, one of the following conditions must apply:

- State or local officials have impose or recommended measures to promote social distancing,
- The legislative body is meeting to determine whether, because of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or
- The legislative body has determined that, because of the emergency, meeting in person presents imminent risks to the health or safety of attendees.

If the prerequisites mentioned above are met AB 361 provides an exemption to the regular Brown Act teleconferencing requirements and an alternate set of requirements will apply. Those requirements include:

- Adequate notice of the meeting and post an agenda as required by the Brown Act;
- The agenda is not required to list each teleconference location or be physically posted at each teleconference location;
- If there is a disruption in the public broadcast or the call-in or internet-based meeting service, the legislative body must cease and take no further action on agenda items until public access is restored; and
- Local agencies cannot require that public comment be submitted prior to the meeting, and must allow for live public comment during the specified public comment period of the meeting.

AB 361 sunsets on January 1, 2024. If your Board determines that it is in the best interest of public health and safety to continue to hold virtual public meetings, continued reliance will require your Board to reevaluate and adopt a new resolution every 30 days.

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

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

In the matter of:

Resolution No. 2021-____

**MAKING FINDINGS PURSUANT TO
GOVERNMENT CODE SECTION 54953, AS
AMENDED BY ASSEMBLY BILL 361, AND
AUTHORIZING THE CONTINUED USE OF
VIRTUAL MEETINGS**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 15th day of December, 2021, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) As a result of the COVID-19 pandemic, Governor Newsom issued Executive Order Nos. N-08-21, N-25-20 and N-29-20, which suspended certain provisions of the Ralph M. Brown Act to allow legislative bodies to conduct public meetings without strict compliance with the teleconferencing provisions of the Brown Act; and

(b) Assembly Bill 361, signed into law on September 16, 2021, amended Government Code section 54953, effective October 1, 2021, to provide relief from the teleconferencing provisions of the Brown Act under certain circumstances provided the legislative body makes certain findings; and

(c) As a result of the COVID-19 pandemic, the Governor proclaimed a state of emergency on March 4, 2020, in accordance with section 8625 of the California Emergency Services Act, and the state of emergency remains in effect; and

(d) As a result of the COVID-19 pandemic, the California Department of Public Health and County of Kern Public Health Services continue to recommend measures to promote social distancing.

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

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

2. This Board hereby finds that the state of emergency continues to directly impact the ability of the members of the Board of Governors to meet safely in person, and further that state and local officials continue to impose or recommend measures to promote social distancing.

3. This Board hereby authorizes the Board of Governors to continue to conduct public meetings in accordance with Government Code section 54953, as amended by Assembly Bill 361.

4. This Resolution will be in effect during the period in which state or local public officials impose or recommend measures to promote social distancing.

5. This Resolution shall take effect immediately upon its adoption and remain in effect until January 19, 2022.

6. This Board shall reevaluate the above findings on January 19, 2022, and every 30 days thereafter.

7. Resolution No. 2021-013, adopted by the Board of Governors on November 17, 2021, is hereby repealed and superseded by this Resolution.

8. This Board hereby directs staff to take all actions necessary to carry out the intent and purpose of this Resolution.

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

Members, Board of Governors
Chief Executive Officer
Legal Services Department



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, November 17, 2021

11:30 A.M.

BOARD TO RECONVENED

Board Members: Alsop, Berjis, Bigler, Brar, Kitchen, McLaughlin, Pelz
Roll Call: 6 Present, 1 Absent - Brar

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

NO ONE HEARD

NOTE: CHAIRMAN BIGLER PASSED THE GAVEL TO SECRETARY BERJIS PRIOR TO THE DISCUSSION AND VOTE ON ITEM 3

RECOGNITION

- 3) Resolution honoring Russell V. Judd, Chief Executive Officer, upon his retirement with 30 years of dedicated service to the healthcare community and Kern Medical Center –

ADOPTED RESOLUTION

Biger-Alsop: 6 Ayes; 1 Absent - Brar

ITEMS FOR CONSIDERATION

CA

- 4) Proposed Resolution in the matter of making findings pursuant to Government Code Section 54953, as amended by Assembly Bill 361, and authorizing the continued use of virtual meetings –

APPROVED; ADOPTED RESOLUTION 2021-013

Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

CA

- 5) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on October 20, 2021 –

APPROVED

Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

CA

- 6) Proposed retroactive Amendment No. 21 to Agreement 2016-036 with Cerner Corporation, an independent contractor, to remove the Operating Expense metric and replace with a static Licensed Beds metric, effective July 1, 2021 –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 068-2021

Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

CA

- 7) Proposed retroactive Agreement with NuWest Group Holding, LLC, doing business as NuWest Healthcare, an independent contractor, for supplemental nurse staffing services for the period November 1, 2021 through October 31, 2022, in an amount not to exceed \$6,000,000 –

APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 069-2021

Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

CA

- 8) Proposed Application for Group Insurance with ReliaStar Life Insurance Company, a member of the Voya® family of companies, an independent contractor, for purchase of supplemental life insurance benefits by employees on a voluntary basis, effective January 1, 2022 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 070-2021
Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

CA

- 9) Proposed Employer Agreement with LegalEASE Group, an independent contractor, for purchase of prepaid legal service plans by employees on a voluntary basis, effective January 1, 2022 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 071-2021
Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

CA

- 10) Proposed Resolution reaffirming the prior appointments of Andrew J. Cantu, Tyler S. Whitezell, Glenn E. Goldis, M.D., and Antoinette C. Smith, RN, MSN, and affirming the recent appointment of Alton Scott Thygerson as officers of the Kern County Hospital Authority, effective December 1, 2021 – APPROVED; ADOPTED RESOLUTION 2021-014
Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

CA

- 11) Proposed Resolution revising the delegation of authority of the Kern County Hospital Authority Chief Executive Officer to enter into contracts and to secure and pay for certain professional and special services – APPROVED; ADOPTED RESOLUTION 2021-015
Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

CA

- 12) Proposed approval of Medical Staff policy titled Waivers to Board Certification – APPROVED
Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

NOTE: SECRETARY BERJIS PASSED THE GAVEL TO CHAIRMAN BIGLER PRIOR TO THE DISCUSSION AND VOTE ON ITEM 13

NOTE: DIRECTOR BERJIS ANNOUNCED THAT, DUE TO HIS EMPLOYMENT WITH THE KERN COUNTY HOSPITAL AUTHORITY, HE WOULD RECUSE HIMSELF FROM THE DISCUSSION AND VOTE ON ITEM 13 AND LEFT THE DAIS

- 13) Proposed Agreement with Amir Berjis, M.D., a contract employee, for professional medical and administrative services in the Department of Surgery, from January 4, 2022 through January 3, 2027, in an amount not to exceed \$3,300,000 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 072-2021
Pelz-Kitchen: 4 Ayes; 1 Absent - Brar; 2 Abstention – Alsop, Berjis

NOTE: DIRECTOR BERJIS RETURNED TO THE DAIS AFTER THE DISCUSSION AND VOTE ON ITEM 13

NOTE: DIRECTOR MCLAUGHLIN LEFT THE DAIS PRIOR TO THE DISCUSSION AND VOTE ON ITEM 14 AND DID NOT RETURN

- 14) Public hearing to consider the proposed closures of Kern Medical Center Campus Pharmacy, located at 2014 College Avenue, Bakersfield 93305, and Sagebrush Medical Plaza Pharmacy (also known as Columbus Clinic Pharmacy), located at 1111 Columbus Street, Suite 2000, Bakersfield 93305, effective no later than December 31, 2021 – OPENED HEARING; AMANDA TORRES, CHERIE ANCHETA, FRANK RODRIGUEZ, GUILLERMINA SALAZAR, AND THREE ANONYMOUS CALLERS HEARD REGARDING PROPOSED CLOSURE OF THE KERN MEDICAL CENTER OUTPATIENT PHARMACIES; CLOSED HEARING; APPROVED CLOSURE OF KERN MEDICAL CENTER CAMPUS PHARMACY AND SAGEBRUSH MEDICAL PLAZA PHARMACY; DIRECTED STAFF TO DETERMINE THE SPECIFIC ACTIONS NECESSARY TO IMPLEMENT CHANGES IN SERVICES
Pelz-Kitchen: 4 Ayes; 2 Absent - Brar, McLaughlin; 1 Abstention - Alsop

- 15) Kern County Hospital Authority financial report – RECEIVED AND FILED
Berjis-Pelz: 5 Ayes; 2 Absent - Brar, McLaughlin

- 16) Kern County Hospital Authority Chief Executive Officer report – RECEIVED AND FILED
Alsop-Berjis: 5 Ayes; 2 Absent - Brar, McLaughlin

CA

- 17) Claims and Lawsuits Filed as of October 31, 2021 – RECEIVED AND FILED
Pelz-Kitchen: 6 Ayes; 1 Absent - Brar

ADJOURNED TO CLOSED SESSION

Berjis-Pelz

CLOSED SESSION

- 18) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 19) CONFERENCE WITH LEGAL COUNSEL – FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: In the Matter of the Accusation Against County of Kern, California, DBA Kern Medical Center Campus Pharmacy, et al., Respondents, Case No. 7026 – SEE RESULTS BELOW
- 20) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – SEE RESULTS BELOW

- 21) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Vice President & General Counsel Karen S. Barnes, and designated staff – Unrepresented Employee: Chief Executive Officer (Government Code Section 54957.6) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
Berjis-Kitchen

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 18 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR BERJIS, SECOND BY DIRECTOR PELZ; 2 ABSENT - DIRECTORS BRAR AND MCLAUGHLIN) THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW/RELEASE OF PROCTORING, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 19 concerning CONFERENCE WITH LEGAL COUNSEL – FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: In the Matter of the Accusation Against County of Kern, California, DBA Kern Medical Center Campus Pharmacy, et al., Respondents, Case No. 7026 – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 20 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 21 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Vice President & General Counsel Karen S. Barnes, and designated staff – Unrepresented Employee: Chief Executive Officer (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, DECEMBER 15, 2021 AT 11:30 A.M.

Alsop

/s/ Mona A. Allen
Authority Board Coordinator

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



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

December 15, 2021

Subject: Proposed Amendment No. 2 to Agreement 014-2019 with Meridian Healthcare Partners, Inc.

Recommended Action: Approve; Authorize the Chairman to sign

Summary:

Attached is proposed Amendment No. 2 to the agreement with Meridian Healthcare Partners, Inc. (Meridian), for Chief Executive Officer and healthcare management services to the hospital authority and Kern Medical for the period December 16, 2018 through December 15, 2025.

The purpose of the amendment is two-fold. First, the amendment extends the contract term for an additional three years through December 15, 2028, with three additional two-year terms, provided Meridian is given written notice of such under the same terms as presently provided (18 months prior written notice of the Authority's intent to extend the term).

Second, effective December 16, 2021, the amendment provides for a 3% increase in the monthly management fee, which had remained static since 2019, and an additional 3% increase in the management fee, effective December 16, 2022. For the one-year period starting December 16, 2021 and continuing through December 15, 2022, a 3% increase adds \$155,813 to the maximum payable for an annual total of \$5,349,581 (\$445,798.41 monthly). For the one-year period starting December 16, 2022 and continuing through December 15, 2023, a 3% increase adds \$160,487 to the maximum payable for an annual total of \$5,510,068 (\$459,172.36 monthly). The amendment reflects the new maximum payable of 10,859,649 for that two-year period.

Therefore, it is recommended that your Board approve Amendment No. 2 to the agreement with Meridian Healthcare Partners, Inc., and authorize the Chairman to sign.

**AMENDMENT NO. 2
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Meridian Healthcare Partners, Inc.)**

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2021, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Meridian Healthcare Partners, Inc., a California corporation (“Contractor”), with its principal place of business located at 3511 Union Avenue, Bakersfield, California 93306.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #014-2019, dated February 20, 2019) (“Agreement”), for the period December 16, 2018 through December 15, 2025, whereby Contractor provides healthcare consulting and executive management services including supervision and management of the day-to-day operations of 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 December 16, 2021;

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

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

“1. **Term.** The term of this Agreement shall be for a period of ten (10) years, commencing as of December 16, 2018 (the “Commencement Date”), and shall end December 15, 2028, unless earlier terminated pursuant to other provisions of this Agreement as herein stated. Authority reserves the right to extend the term of this Agreement for three (3) additional terms of two (2) years each, provided that Authority notifies Contractor in writing of its intention to renew at least 18 months prior to the expiration of the then current term. Any renewal shall be in writing and signed by both parties through a formal amendment to this Agreement.”

2. Section 6, Payment for Services, paragraph 6.1, Management Fee, shall be deleted in its entirety and replaced with the following:

“6.1 Management Fee.

6.1.1 Effective December 16, 2021. Authority shall pay Contractor a Management Fee monthly in the amount of \$445,798, as follows: Contractor shall be entitled to receive two (2) payments per month, each payment being equal to \$222,899, payable on or before the 1st day, but no later than the 5th day, and the 15th day, but no later than the 20th day, of each month for the period December 16, 2021 through December 15, 2022.

6.1.2 Effective December 16, 2022. Authority shall pay Contractor a Management Fee monthly in the amount of \$459,172, as follows: Contractor shall be entitled to receive two (2) payments per month, each payment being equal to \$229,586, payable on or before the 1st day, but no later than the 5th day, and the 15th day, but no later than the 20th day, for the period December 16, 2022 through December 15, 2023.

6.1.3 Fiscal Provisions. The fiscal provisions of the Management Fee are set forth in Exhibit “B,” attached hereto and incorporated herein by this reference. Authority shall have no obligation to pay the Management Fee set forth in Exhibit “B” until Contractor has incurred such expenses. The Management Fee shall be calculated on a prorated basis as positions are filled and/or vacated, based on the hourly rate for the position plus a percentage of costs (benefits and expenses) not to exceed 35%.

6.1.4 Meet and Confer. In the 90-day period prior to December 16, 2023, and each subsequent December 16, the parties shall meet and confer in good faith regarding the Management Fee paid to Contractor hereunder. If the parties are unable to reach an agreement concerning the Management Fee before the applicable anniversary date, the Management Fee currently in effect will remain in effect until an agreement is reached, subject to possible retroactive adjustment as may be mutually agreed. Any adjustment in the Management Fee shall be in writing and signed by both parties through a formal amendment to this Agreement.

6.1.5 Fair Market Value. The parties hereby acknowledge that the Management Fee set forth herein was negotiated at arm’s length without taking into account the value or volume or referrals between the parties, represents the parties’ best estimate of fair market value, and covers Contractor’s actual cost to provide the services on a fully loaded basis.”

3. Section 6, Payment for Services, paragraph 6.4, Maximum Payable, shall be deleted in its entirety and replaced with the following:

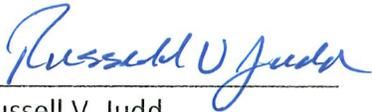
“6.4 Maximum Payable. The maximum payable under this Agreement shall not exceed \$10,859,649 for the period December 16, 2021 through December 15, 2023.”

4. Exhibit "B", Estimated Allocation of Management Fee, shall be deleted in its entirety and replaced with Amendment No. 1 to Exhibit "B", Estimated Allocation of Management Fee, attached hereto and incorporated herein by this reference.
5. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
6. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
7. 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.
8. Except as provided herein, all other terms, conditions, and covenants of the Agreement and any and all amendments thereto shall remain in full force and effect.

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 2 as of the day and year first written above.

MERIDIAN HEALTHCARE PARTNERS, INC.

By 
Russell V. Judd
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Vice President & General Counsel
Kern County Hospital Authority

Amend2.Meridian.112221

**Amendment No. 1
To
EXHIBIT "B"
Estimated Allocation of Management Fee
Meridian Healthcare Partner, Inc.**

Category	Effective Date	
	12/16/2021	12/16/2022
Estimated Salaries	\$3,158,243	\$3,252,713
Estimated Benefits (retirement, health and dental insurance, etc.)	\$869,709	\$895,800
Estimated Insurance and Taxes (workers' compensation, payroll, liability, etc.)	\$444,937	\$458,285
Estimated Business Expenses (legal, accounting, professional fees, travel etc.)	\$450,542	\$464,058
Estimated Operation Fee	\$426,420	\$439,212
Annual Total	\$5,349,581	\$5,510,068

Note: Allocation of funds are approximate and may have variance based upon associated risks and changes in business operations.



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

December 15, 2021

Subject: Proposed Professional Services Agreement with Adventist Health Physicians Network

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern County Hospital Authority and Adventist Health Bakersfield have partnered to bring together their respective strengths to multiply the choices patients have for treatment and create across Kern County a sought-after, powerful network for patients and physicians. The proposed Agreement with Adventist Health Physicians Network (AHPN) is the first step in this process.

The Agreement with AHPN is for a term of 10 years from January 1, 2022 through December 31, 2031. During the term of the Agreement, Kern Medical will provide the professional medical services of certain Kern Medical physicians who specialize in various clinical specialties, beginning with neurological surgery, at AHPN Clinics and in the inpatient setting at Adventist Health Bakersfield. In addition to medical services, the assigned Kern Medical physicians will provide an array of related administrative and teaching duties. The services of one or more Medical Directors in the specific clinical specialties will also be provided by the Kern Medical physicians. Additional clinical specialties, as mutually agreed upon by the parties, may be added in the future by way of an amendment to this Agreement, and could include urology and gastroenterology.

AHPN will compensate Kern Medical monthly for the services provided by Kern Medical physicians on a pass-through basis in accordance with the fee schedule set forth in Exhibit 2.1. Specifically, AHPN will pay Kern Medical various negotiated rates for inpatient acute care neurosurgery, elective neurosurgery, physician assistant/nurse practitioner professional services, and Medical Director Services in the subspecialties of Acute Care Spine and Neuro-oncology. Estimated compensation to be paid to Kern Medical totals \$1,997,260 annually. AHPN will have the exclusive right to bill and collect all professional fees for services provided by the Kern Medical physicians in the AHPN Clinics and at Adventist Health Bakersfield.

Therefore, it is recommended that your Board approve the Agreement with Adventist Health Physicians Network for a term of 10 years from January 1, 2022 through December 31, 2031, and authorize the Chief Executive Officer to sign subject to approval as to form by Counsel.

PROFESSIONAL SERVICES AGREEMENT

by and between

ADVENTIST HEALTH PHYSICIANS NETWORK (“AHPN”)

and

KERN COUNTY HOSPITAL AUTHORITY (“Kern Medical”)

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT (this “**Agreement**”) is entered into as of January 1, 2022 (the “**Effective Date**”), by and between ADVENTIST HEALTH PHYSICIANS NETWORK, a California nonprofit religious corporation (“**AHPN**”), and KERN COUNTY HOSPITAL AUTHORITY, a public agency that is a local unit of government (“**Kern Medical**”). AHPN and Kern Medical are sometimes referred to in this Agreement individually as a “**Party**” or, collectively, as the “**Parties.**”

RECITALS

A. AHPN, an Affiliate of Adventist Health System/West, a California nonprofit religious corporation, d/b/a Adventist Health (“**Adventist Health**”), has been established to, among other things, own and operate multi-specialty clinic sites pursuant to Section 1206(l) of the California Health & Safety Code, as amended, including the sites listed on Exhibit A (the “**AHPN Clinics**”) in order to support, benefit and further its charitable, scientific and educational purposes, including those of its member, Adventist Health, and its Affiliate, Adventist Health Bakersfield (“**Hospital**”). For purposes of this Agreement, “**Affiliate**” shall mean any entity that, directly or indirectly, controls, is controlled by, or is under common control with AHPN or Kern Medical, as applicable.

B. The County of Kern established Kern Medical as a public entity separate from the County to operate Kern Medical Center, a highly specialized tertiary referral center, an academic institution and a designated public hospital for Kern County. Kern Medical also owns and operates hospital-based and freestanding clinics (the “**Kern Medical Clinics**”), which are staffed by qualified physicians (individually “**Kern Medical Physician**” and collectively, the “**Kern Medical Physicians**”) and other licensed healthcare providers employed by Kern Medical.

C. AHPN, Hospital and Kern Medical desire that Kern Medical provide the services of certain Kern Medical Physicians to provide professional services in certain specialties at AHPN Clinics, on the terms and conditions described herein.

D. The Parties desire to set forth their understanding and agreement, subject to the terms and conditions set forth herein.

AGREEMENT

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I. KERN MEDICAL'S OBLIGATIONS

1.1 Professional Services. Kern Medical shall cause certain Kern Medical Physicians in the specialties listed on Exhibit 1.1 (each a “**Specialty**”) to provide the medically necessary Specialty professional services that such Kern Medical Physicians are qualified to provide for individuals receiving medical care, evaluation, diagnosis, education, counseling or treatment at AHPN Clinics, Hospital and at such other sites or locations or service as may be required pursuant to professionally recognized standards regarding continuity of care or professional responsibility or the terms of any contractual arrangement between any third-party payor and AHPN (collectively, “**AHPN Patients**”), upon the terms and subject to the conditions set forth in this Agreement (the “**Professional Services**”).

1.2 Additional Services; Director Services.

(a) Kern Medical shall cause Kern Medical Physicians to provide to AHPN those additional services set forth in Exhibit 1.2(a) (the “**Additional Services**”), upon the terms and subject to the conditions set forth in this Agreement.

(b) Kern Medical shall cause certain Kern Medical Physicians (each such physician, the “**Medical Director**”) to provide to AHPN and Hospital, as applicable, with medical director services as set forth in Exhibit 1.2(b) (the “**Director Services**”) in certain Specialty service lines (each a “**Program**”) as described in Exhibit 2.1 in accordance with a schedule as mutually agreed upon by the Parties, subject to the terms set forth in this Agreement. Each Medical Director shall allocate up to ten (10) hours per month to Director Services as reasonably requested by AHPN or Hospital, as applicable, from time to time.

1.3 AHPN Clinic Coverage, Hospital Coverage and Staffing.

(a) Kern Medical shall cause Kern Medical Physicians to provide physical, on-site coverage of the AHPN Clinics pursuant to a schedule as agreed upon by the Parties during the AHPN Clinics’ normal business hours (the “**AHPN Clinic Coverage**”). Kern Medical shall cause Kern Medical Physicians to also provide Saturday, Sunday, and holiday Clinic Coverage on an as-needed basis, as mutually agreed upon by the Parties.

(b) Kern Medical shall cause Kern Medical Physicians to be available on an on-call basis to provide consultation medical care and/or treatment to AHPN Patients at Hospital, including Hospital patients presenting to Hospital’s emergency department, in-hospital patients requiring consults in the Specialty (the “**Hospital Call Coverage**”), pursuant to a schedule as agreed upon by the Parties and upon the terms and subject to the conditions set forth in this Agreement and under applicable rules of the Hospital.

(i) Kern Medical shall cause Kern Medical Physicians to provide Hospital Call Coverage on a shared basis with other Panel

Members in a manner that is sufficient to ensure coverage for the Hospital services twenty-four (24) hours per day, seven (7) days per week, including all holidays, as mutually agreed upon by the Parties. For purposes of this Agreement, “**Panel Members**” shall mean specialty panels of physicians engaged by the Hospital, including the Kern Medical Physicians, in the Specialties.

- (ii) Kern Medical shall inform AHPN and Hospital of each Kern Medical Physician’s availability to provide Hospital Call Coverage during such month. Kern Medical shall use best efforts to adjust each Kern Medical Physician’s schedule of availability if reasonably requested by AHPN and Hospital in order to meet the needs of Hospital for Hospital Call Coverage Services.
- (iii) If a scheduled Kern Medical Physician is unable or reasonably expected to be unable to provide the Hospital Call Coverage for any reason, Kern Medical or AHPN or Hospital, as mutually agreed upon, shall make arrangements with another Panel Member experienced in the Specialty to provide Hospital Call Coverage on behalf of the scheduled Kern Medical Physician, and shall inform Hospital of such arrangements, as soon as reasonably practicable.
- (iv) A Kern Medical Physician shall not be simultaneously on-call to any other hospital or health care facility while scheduled to provide Hospital Call Coverage for Hospital, except as otherwise mutually agreed upon by the Parties.
- (v) Kern Medical Physicians shall accept appropriate transfers that are sent to Hospital during such physician’s scheduled call period and assume primary or consultative care to transfer patients, provided that such Kern Medical Physician has determined the transfer is medically appropriate, the Kern Medical Physician is qualified to provide the medical treatment necessary to such patients and Hospital’s designated official responsible for coordinating transfers has determined that Hospital has sufficient capability and capacity to accept the transfer.
- (vi) Kern Medical shall cause Kern Medical Physicians to promptly report the results of all professional services furnished to a Hospital patient’s attending physician(s), if any.

1.4 Supervision Services. Kern Medical shall cause Kern Medical Physicians to supervise and coordinate the activities of Mid-Level Practitioners and clinical staff staffing the AHPN Clinic locations, in accordance with licensing standards and other applicable laws, rules, regulations and industry standards as may be adopted by AHPN and/or Hospital from time to time (the “**Supervision Services**”). For purposes of this Agreement, “**Mid-Level Practitioner**” shall mean (i) a person who is licensed by the Physician Assistant Examining Committee of the

Division of Allied Health Professions of the Medical Board of California (or any successor licensing authority) and due to his or her professional training and experience, is capable of rendering physician assistant services in accordance with 16 C.C.R. Section 1399.540 et seq., or a successor rule or regulation; (ii) a person who is licensed by the California Board of Registered Nursing as a registered nurse and who is found to be qualified by said Board to use the title “nurse practitioner;” or (iii) a person to whom a certificate has been issued pursuant to Article 2.5 (commencing with Section 2746) of Chapter 6 of the California Business & Professions Code (or any successor authority). The Professional Services, the Additional Services, Director Services, AHPN Clinic Coverage, Hospital Call Coverage and Supervision Services are sometimes referred to collectively in this Agreement as the “**Services.**”

1.5 Professional Standards and Qualifications. Kern Medical shall ensure each Kern Medical Physician:

- (a) Is and at all times remains a member in good standing in the “active staff” category of the medical staff at Hospital (the “**Medical Staff**”);
- (b) Is and at all times remains duly licensed and qualified to practice medicine in the State of California (the “**State**”);
- (c) Is and at all times board certified or board eligible in the Specialty; and
- (d) Has and maintains at all times a valid and unrestricted United States Drug Enforcement Administration (“**DEA**”) registration.

1.6 Participation in Governmental Programs. Each Kern Medical Physician shall be and remain a participating provider in the Medicare and Medi-Cal programs, and any other federal health care program, as defined at 42 U.S.C. § 1320a-7b(f) (collectively, the “**Federal Health Care Programs**”), as reasonably requested by AHPN and/or Hospital from time to time. Kern Medical shall ensure that Kern Medical Physicians provide Professional Services to Federal Health Care Program beneficiaries in a non-discriminatory manner, and shall coordinate with AHPN and Hospital to make available to Federal Health Care Program beneficiaries all primary, specialty, diagnostic and other medical services offered to other AHPN Patients.

1.7 Cooperation with AHPN and Hospital Compliance Obligations. Kern Medical shall cause Kern Medical Physicians to cooperate with the compliance programs maintained by AHPN and Hospital (collectively, the “**Compliance Program**”) to the extent that such requirements are (i) applicable to the operation of AHPN Clinics and Kern Medical’s provision of Services under this Agreement, (ii) consistent with applicable industry standards and laws, and (iii) communicated to Kern Medical, so that AHPN and Hospital may meet all requirements imposed by laws and any governing or advisory body having authority to set standards governing the operation of the AHPN Clinics.

1.8 Performance Standards. Kern Medical shall cause each Kern Medical Physician to:

(a) comply with all standards of conduct, bylaws, policies, rules and regulations of the Hospital, AHPN Clinics, Medical Staff or allied health staff (as defined in Hospital’s Medical Staff bylaws) (“**AH Rules**”);

(b) participate in continuing education as necessary to maintain licensure/certification, professional competence and skills commensurate with the standards of the medical community and as otherwise required by the medical profession;

(c) comply with all applicable standards and recommendations of such nationally recognized accrediting organization(s) as AHPN or Hospital designates from time to time, Title 22 of the California Code of Regulations (“**Title 22**”) and other accreditation and regulatory bodies; and

(d) comply with all protocols applicable to the AHPN Clinics as adopted by AHPN and/or Hospital from time to time.

1.9 Review of Office of the Inspector General (“OIG”) Medicare Compliance Bulletins. The OIG from time to time issues Medicare compliance alert bulletins. To the extent applicable to Kern Medical’s performance under this Agreement, Kern Medical and each Kern Medical Physician shall undertake to review, be familiar with and comply with all applicable requirements of such OIG compliance bulletins.

1.10 Use of Space. Kern Medical shall cause each Kern Medical Physician to use AHPN Clinic premises and space solely and exclusively for the provision of the Services, except in an emergency or with AHPN’s and/or Hospital’s prior written consent.

1.11 Notification of Certain Events. Kern Medical shall notify AHPN and Hospital in writing as soon as reasonably practicable (but in no event later than five (5) business days) after Kern Medical or any Kern Medical Physician becomes aware of any one or more of the following events:

(a) any Kern Medical Physician’s employment with Kern Medical is terminated for any reason;

(b) the medical staff membership or clinical privileges of any Kern Medical Physician at any hospital are denied, suspended, restricted, revoked or voluntarily relinquished;

(c) any Kern Medical Physician becomes the subject of, or materially involved in, any investigation, proceeding, or disciplinary action by: any Federal Health Care Program or state equivalent, any state's medical board, any agency responsible for professional licensing, standards or behavior, or any medical staff;

(d) Kern Medical is liable to pay damages or any other amount in any malpractice action by way of judgment or settlement on behalf of any Kern Medical Physician;

(e) any Kern Medical Physician becomes the subject of any disciplinary proceeding or action before any state's medical board or similar agency responsible for professional standards or behavior;

(f) any Kern Medical Physician becomes incapacitated or disabled from practicing medicine;

(g) any act of nature or any other event occurs which has a material adverse effect on Kern Medical's or any Kern Medical Physician's ability to perform the Services;

(h) any Kern Medical Physician is charged with or convicted of a criminal offense; or

(i) any Kern Medical Physician is debarred, suspended, excluded or otherwise ineligible to participate in or receive payment from any third-party payor program, including, without limitation, any Federal Health Care Program or state equivalent, any other public or private health and/or hospital care programs, insurance programs, self-funded employer health programs, health care service plans or preferred provider organizations.

1.12 Nondiscrimination. Neither Kern Medical nor any Kern Medical Physician shall differentiate or discriminate in performing the Services on the basis of race, color, national origin, ancestry, sex, marital status, age or payor, or on any other basis prohibited by applicable law.

1.13 Records. Kern Medical shall cause Kern Medical Physicians to prepare complete, timely, accurate and legible medical records with respect to the Professional Services provided by the Kern Medical Physicians to each AHPN Patient in accordance with AH Rules. Kern Medical, AHPN and Hospital shall cooperate mutually in the completion of claim forms as may be required by insurance carriers or others responsible for reimbursement.

1.14 Compliance with HIPAA.

(a) **Covered Entity.** Kern Medical and the Kern Medical Physicians acknowledge that each is a separate "Covered Entity" as such term is defined under the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d *et seq.*), as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and all rules and regulations promulgated thereunder (collectively, "**HIPAA**"). As a Covered Entity separate from AHPN and Hospital, Kern Medical and Kern Medical Physicians shall implement all necessary policies, procedures, and training to comply with HIPAA and other laws applicable to the creation, receipt, maintenance, transmittal, use, and disclosure of patient-related information.

(b) **Organized Health Care Arrangement.** If requested by AHPN or Hospital during the term of this Agreement, Kern Medical shall cause the Kern Medical Physicians to participate in an Organized Health Care Arrangement (“**OHCA**”), as such term is defined under HIPAA, and comply with AHPN or Hospital’s OHCA-related policies, procedures, and notice of privacy practices.

1.15 Representations and Warranties by Kern Medical. Kern Medical represents and warrants that: (a) no Kern Medical Physician’s license to practice medicine in any state has ever been suspended, revoked or restricted; (b) no Kern Medical Physician has ever been reprimanded, sanctioned or disciplined by any licensing board, certifying authority or medical specialty board; (c) no Kern Medical Physician has ever been excluded or suspended from participation in, or sanctioned by, any Federal Health Care Program; (d) no Kern Medical Physician has ever been denied membership and/or reappointment to the medical staff of any hospital or health care facility; (e) no Kern Medical Physician’s medical staff membership or clinical privileges at any hospital or health care facility have ever been suspended, limited or revoked for a medical disciplinary cause or reason; and (f) no Kern Medical Physician has ever been charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, controlled substances, or moral turpitude, or any crime relevant to the provision of medical services or the practice of medicine.

ARTICLE II. **COMPENSATION**

2.1 Compensation. AHPN shall pay to Kern Medical, each month during the term of this Agreement, the amount determined in accordance with **Exhibit 2.1**.

2.2 Billing and Collecting for Professional Services.

(a) AHPN shall have the sole and exclusive right to bill and collect for any and all Professional Services furnished by Kern Medical Physicians at the AHPN Clinics, Hospital and at other Hospital locations (the “**AHPN Professional Services**”), and shall have the sole and exclusive right, title and interest in and to accounts receivable with respect to such AHPN Professional Services.

(b) Kern Medical shall cause each Kern Medical Physician to reassign to AHPN all claims, demands and rights of Kern Medical Physicians for any and all AHPN Professional Services furnished by Kern Medical Physicians to AHPN Patients in AHPN Clinics or Hospital pursuant to this Agreement. Kern Medical shall cause Kern Medical Physicians to take such action and execute such documents as may be reasonably necessary or appropriate to effectuate the reassignment to AHPN of all claims, demands and rights of Kern Medical Physicians for any and all AHPN Professional Services furnished by a Kern Medical Physician to AHPN Patients in AHPN Clinics or Hospital pursuant to this Agreement, including having each Kern Medical Physician execute the letter agreement attached hereto as **Exhibit 2.2** (the “**Reassignment Letter Agreement**”).

(c) Kern Medical shall cooperate with AHPN, and shall cause Kern Medical Physicians to cooperate with AHPN, in the billing and collection of fees with respect to AHPN Professional Services furnished by Kern Medical Physicians. Without limiting the generality of the foregoing, Kern Medical shall cause Kern Medical Physicians to cooperate with AHPN in completing such claim forms with respect to AHPN Professional Services furnished by Kern Medical or a Kern Medical Physician pursuant to this Agreement as may be required by insurance carriers, health care service plans, governmental agencies, or other third party payors. AHPN shall not be obligated to compensate Kern Medical for AHPN Professional Services rendered by Kern Medical Physicians for which a Kern Medical Physician has not turned in a charge ticket within thirty (30) days of performing the AHPN Professional Services.

(d) Kern Medical shall seek and obtain compensation for the performance of AHPN Professional Services furnished by Kern Medical Physicians to AHPN Patients in AHPN Clinics or Hospital only from AHPN. Kern Medical shall not, and shall ensure that Kern Medical Physicians do not, bill, assess or charge any fee, assessment or charge of any type against any AHPN Patient or any other person or entity for AHPN Professional Services furnished by Kern Medical Physicians to AHPN Patients in AHPN Clinics or Hospital pursuant to this Agreement. Kern Medical shall promptly deliver to AHPN any and all compensation, in whatever form, that is received by Kern Medical or Kern Medical Physicians for AHPN Professional Services furnished by Kern Medical Physicians to AHPN Patients in AHPN Clinics or Hospital pursuant to this Agreement.

2.3 Third Party Payor Arrangements. Kern Medical shall cause Kern Medical Physicians to cooperate in all reasonable respects necessary to facilitate AHPN's participation in any third-party payor arrangements for the provision of services (i) under Federal Health Care Programs or any other public or private health care programs, including insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations and (ii) in accordance with third-party payor arrangements that are consistent with professional standards, accreditation requirements, applicable laws and the quality and other standards imposed under this Agreement.

2.4 Physician Compensation Arrangements. Kern Medical represents and warrants to AHPN that the compensation paid or to be paid by Kern Medical to any physician (or any immediate family member of any physician) is and will at all times be fair market value for services and items actually provided by any such physician (or immediate family member of such physician), not taking into account the value or volume of referrals or other business generated by such physician for AHPN, Hospital or any Affiliate, including but not limited to the compensation provided under Kern Medical's employment agreements or independent contractor agreements with each of the Kern Medical Physicians. Kern Medical further represents and warrants to AHPN that Kern Medical has and will at all times maintain a written agreement with each employed and contracted physician (and each non-employed immediate family member of any physician) receiving compensation from Kern Medical.

ARTICLE III. **INSURANCE AND INDEMNITY**

3.1 Insurance.

(a) During the term of this Agreement, Kern Medical shall maintain professional malpractice liability insurance that provides coverage for negligent acts or omissions of Kern Medical Physicians in the performance of professional services, where such insurance policy is issued by an insurance company licensed or otherwise qualified to issue professional liability insurance policies or coverage in the State and acceptable to AHPN. Coverage limits shall not be less than One Million Dollars (\$1,000,000) per claim and Three Million Dollars (\$3,000,000) in the aggregate for each policy year. Such coverage shall provide for a date of placement preceding or coinciding with the Effective Date of this Agreement. On or before the Effective Date, Kern Medical shall provide AHPN with certificates of insurance or other written evidence of the insurance policies required by this Article, in a form satisfactory to AHPN. Kern Medical shall provide AHPN with no less than thirty (30) calendar days' prior written notice of cancellation or any material change in such professional malpractice liability insurance coverage.

(b) During the term of this Agreement, AHPN and Hospital shall each maintain commercial general liability, workers' compensation, and professional malpractice liability insurance, as applicable, that provide coverage for negligent acts or omissions of such entity, where such insurance policy is issued by an insurance company licensed or otherwise qualified to issue such insurance policies or coverage in the State and acceptable to Kern Medical. Coverage limits shall not be less than One Million Dollars (\$1,000,000) per claim and Three Million Dollars (\$3,000,000) in the aggregate for each policy year per policy type. Such coverage shall provide for a date of placement preceding or coinciding with the Effective Date of this Agreement. On or before the Effective Date, AHPN and Hospital shall provide Kern Medical with certificates of insurance or other written evidence of the insurance policies required by this Article, in a form satisfactory to Kern Medical. AHPN and Hospital shall provide Kern Medical with no less than thirty (30) calendar days' prior written notice of cancellation or any material change in such liability insurance coverage.

(c) Notwithstanding anything to the contrary, both Parties agree that Kern Medical, AHPN or Hospital shall be deemed to have satisfied any insurance requirements under the Agreement as specified above (a) if such party participates in program(s) of self-insurance maintained by the party or its Affiliates; or (b) if the party maintains program(s) of insurance, with blanket policies, high deductibles or other coverages consistent with those typically maintained by the party.

3.2 Indemnification.

(a) **Indemnification by AHPN and Hospital.** AHPN shall indemnify, defend and hold harmless Kern Medical, its affiliates and their respective directors, officers, employees or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards or costs, including reasonable attorneys' fees and costs, arising out of, resulting from, or relating to: (i) AHPN's or Hospital's failure to comply with the terms of this Agreement; (ii) the negligent operations, acts, or omissions of AHPN, Hospital or any employee or agent of AHPN or Hospital in the performance of AHPN's such entity's obligations under this Agreement; or (iii) wages, salaries, employee benefits, income taxes, FICA, FUTA, SDI and all other payroll, employment or other taxes, withholdings and charges payable by Kern Medical or any of its affiliates to, or on behalf of, AHPN, Hospital or any other person employed by or contracted with AHPN or Hospital (except under any other arrangement between AHPN and Kern Medical).

(b) **Indemnification by Kern Medical.** Kern Medical shall indemnify, defend and hold harmless AHPN, Hospital, their respective affiliates and directors, officers, employees or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards or costs, including reasonable attorneys' fees and costs, arising out of, resulting from, or relating to: (i) Kern Medical's failure to comply with the terms of this Agreement or (ii) the negligent acts or omissions of Kern Medical or any employee or agent of Kern Medical in the performance of Kern Medical's obligations under this Agreement; or (iii) wages, salaries, employee benefits, income taxes, FICA, FUTA, SDI and all other payroll, employment or other taxes, withholdings and charges payable by AHPN or Hospital or any of their respective affiliates to, or on behalf of, Kern Medical or any other person employed by or contracted with Kern Medical (except under any other arrangement between AHPN and Kern Medical).

(c) **Third-Party Claim.** If a third-party makes a claim (a "**Third-Party Claim**") against any person which may give rise to a claim of indemnity under this Agreement in favor of such person (the "**Indemnified Party**"), the Indemnified Party shall, within ten (10) days of receiving notice of the Third-Party Claim, give written notice to the Party from which indemnity may be claimed (the "**Indemnifying Party**") and immediately afford the Indemnifying Party's counsel the opportunity to join and participate in discussing, defending or compromising such Third-Party Claim. Within thirty (30) days of receipt of such notice of claim, by written notice in form acceptable to the Indemnified Party, the Indemnifying Party may elect at its own expense to undertake the defense of such Third-Party Claim in the name of the Indemnified Party. This undertaking shall include the right to appeal and the right to compromise or settle. If the Indemnifying Party undertakes the defense of any Third-Party Claim, the Indemnified Party shall have the right to participate fully in the defense at its own expense. This Section shall survive termination of this Agreement.

3.3 Kern Medical Liabilities. The liabilities or obligations of Kern Medical with respect to its activities pursuant to this Agreement shall be the liabilities or obligations solely of Kern Medical and shall not be or become liabilities or obligations of the County of Kern or any other entity, including the State.

3.4 Survival of Obligations. The Parties' obligations under this Article III shall survive the expiration or termination for any reason of this Agreement.

ARTICLE IV.
RELATIONSHIP BETWEEN THE PARTIES

4.1 Independent Contractor. Kern Medical and the Kern Medical Physicians are and shall at all times be independent contractors with respect to AHPN and Hospital in meeting Kern Medical's responsibilities under this Agreement. Nothing in this Agreement is intended nor shall be construed to create a partnership, employer-employee or joint venture relationship between (i) AHPN and/or Hospital and Kern Medical or (ii) AHPN and/or Hospital any Kern Medical Physician.

4.2 Limitation on Control. AHPN and Hospital shall neither have nor exercise any control or direction over Kern Medical's or any Kern Medical Physician's professional medical judgment or the methods by which Kern Medical or any Kern Medical Physician performs the Professional Services; provided, however, that Kern Medical and each Kern Medical Physician providing Services shall be subject to and shall at all times comply with the AH Rules.

4.3 Practice of Medicine. Kern Medical, AHPN and Hospital acknowledge that AHPN, Hospital, and Kern Medical are neither authorized nor qualified to engage in any activity that may be construed or deemed to constitute the practice of medicine. To the extent that any act or service required of, or reserved to, AHPN, Hospital or Kern Medical in this Agreement is construed or deemed to constitute the practice of medicine, the performance of such act or service by AHPN, Hospital or Kern Medical, as applicable, shall be deemed waived or unenforceable, unless this Agreement can be amended to comply with the law, in which case the Parties shall make such amendment.

4.4 Prohibition Against Solicitation. During the term of this Agreement and for a period of one (1) year thereafter, neither Party shall solicit for employment or actually employ any employee of the other Party, or interfere with any relationship, contractual or otherwise, between a Party and any of its employees or contractors, unless otherwise mutually agreed between the Parties.

4.5 Confidential Information. The Parties agree that the access to any Privileged Materials (as defined in the Common Interest Agreement) of the other Party shall be subject to the terms of that certain Common Interest Agreement between Adventist Health (for itself and its Affiliates, including Hospital and AHPN) and Kern Medical dated March 3, 2021 (the “**Common Interest Agreement**”), which is hereby incorporated by reference. This Section shall survive the expiration or termination of this Agreement.

4.6 Non-Solicitation of Employed and Contracted Physicians. During the term of this Agreement and for a period of two (2) years thereafter, neither Party nor any of their affiliates shall, without the prior written approval of the other (i) employ, retain, offer employment to or offer retention of any physician (including physician group) who is or was employed by or under contract with the non-soliciting Party during the term of this Agreement, (ii) solicit, advise or otherwise do, or attempt to do, business with any physician employee or independent contractor of the non-soliciting Party who is or was employed by or under contract with the non-soliciting Party during the term of this Agreement, or (iii) directly or indirectly, induce or attempt to induce any physician who is under contract with the non-soliciting Party to terminate his or her contract with such non-soliciting Party. In the event either Party breaches this Section 4.6, the breaching Party agrees to pay to the non-breaching Party as liquidated damages, which the Parties agree is not a penalty, an amount equal to One Hundred Thousand Dollars (\$100,000.00) per instance of breach. The Parties agree that the true damages incurred by the non-breaching Party in the event of a breach of this Section 4.6 are difficult to estimate, and that the liquidated damages sum provided for herein (i) fairly represents the market cost of recruiting, relocating, and replacing the employee/agent, and for the non-breaching Party to provide a locum tenens in the interim, and (ii) is reasonably proportionate to the non-breaching Party’s expected damages from such breach.

ARTICLE V. TERM AND TERMINATION

5.1 Term. This Agreement shall become effective on January 1, 2022 (the “**Effective Date**”), and shall continue until December 31, 2031 (the “**Expiration Date**”), subject to the termination provisions of this Agreement. The term of this Agreement may be extended upon mutual agreement of the Parties.

5.2 Termination by Either Party. Either Party may terminate this Agreement at any time, with or without cause, upon twelve (12) months’ prior written notice to the other Party.

5.3 Termination by AHPN. AHPN shall have the right to terminate this Agreement at any time upon the occurrence of any one or more of the following events:

- (a) Breach of this Agreement by Kern Medical where such breach is not cured within thirty (30) calendar days after AHPN gives written notice of such breach to Kern Medical;
- (b) AHPN ceases operations of AHPN Clinics;
- (c) Kern Medical is unable to obtain or maintain sufficient professional liability insurance, as required under this Agreement, for any reason;
- (d) Kern Medical makes an assignment for the benefit of creditors, admits in writing the inability to pay its debts as it matures, applies to any court for the appointment of a trustee or receiver over its assets, or upon commencement of any voluntary or involuntary proceedings under any bankruptcy, reorganization, arrangement, insolvency, dissolution, liquidation or other similar law of any jurisdiction; or
- (e) Kern Medical is rendered unable to comply with the terms of this Agreement for any reason.

5.4 Termination by Kern Medical. Kern Medical shall have the right to terminate this Agreement at any time upon the occurrence of any one or more of the following events:

- (a) Breach of this Agreement by AHPN where such breach is not cured within thirty (30) calendar days after Kern Medical gives written notice of such breach to AHPN;
- (b) AHPN ceases operations of AHPN Clinics;
- (c) AHPN is unable to obtain or maintain sufficient insurance, as required under this Agreement, for any reason;
- (d) AHPN makes an assignment for the benefit of creditors, admits in writing the inability to pay its debts as it matures, applies to any court for the appointment of a trustee or receiver over its assets, or upon commencement of any voluntary or involuntary proceedings under any bankruptcy, reorganization, arrangement, insolvency, dissolution, liquidation or other similar law of any jurisdiction; or
- (e) AHPN is rendered unable to comply with the terms of this Agreement for any reason.

5.5 Immediate Removal of Kern Medical Physicians. Kern Medical shall immediately remove any Kern Medical Physician from furnishing Services under this Agreement who:

- (a) has his or her Medical Staff membership or clinical privileges at Hospital or any other health facility terminated, suspended, revoked or relinquished for any reason, whether voluntarily or involuntarily, temporarily or permanently, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;
- (b) has his or her license to practice medicine in the State, board certification or DEA registration denied, suspended, restricted, terminated, revoked or relinquished for any

reason, whether voluntarily or involuntarily, temporarily or permanently, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto.;

(c) is charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, or moral turpitude, or any crime relevant to the Services or the practice of medicine;

(d) is debarred, suspended, excluded or otherwise ineligible to participate in or receive payment from any third-party payor program, including, without limitation, any Federal Health Care Program or state equivalent, any other public or private health and/or hospital care programs, insurance programs, self-funded employer health programs, health care service plans or preferred provider organizations;

(e) fails to satisfy any of the standards and qualifications set forth in Sections 1.5, 1.6, 1.7, and 1.8 of this Agreement; or

(f) fails to be covered by the professional liability insurance required to be maintained under this Agreement.

5.6 Removal of Kern Medical Physicians upon AHPN/Hospital Request. Upon written request by AHPN and/or Hospital, Kern Medical shall immediately remove any Kern Medical Physician from furnishing Services under this Agreement who:

(a) engages in conduct that, in AHPN's and/or Hospital's good faith determination, jeopardizes the mental or physical health, safety or well-being of any person or damages the reputation of AHPN and/or Hospital;

(b) fails to comply with any other material terms or conditions of this Agreement after being given written notice of that failure and a reasonable opportunity to comply;

(c) is disabled such that the Kern Medical Physician is unable to perform services as required under this Agreement for more than thirty (30) days in the aggregate over any three (3) month period; or

(d) within a twelve (12) month period, has two (2) or more medical malpractice claims filed against him or her, or he or she becomes the subject of two (2) or more adverse proceedings by the Medical Staff regarding the performance of professional medical services.

(e) Upon ninety (90) day's prior written notice, AHPN shall have the right to request Kern Medical to remove, without cause, any Kern Medical Physician from furnishing Services under this Agreement.

5.7 Effect of Removal; Reinstatement of Kern Medical Physician.

(a) Upon the removal of a Kern Medical Physician pursuant to Section 5.5 or Section 5.6 of this Agreement, Kern Medical shall employ, contract with, or otherwise engage, at its cost and expense, a qualified substitute for the removed Kern Medical Physician. Failure to

take such action shall constitute a material breach of this Agreement, subject to Section 5.3. Nothing herein shall be construed to limit AHPN's rights under Section 5.3 or any other provision of this Agreement.

(b) A Kern Medical Physician that has been removed from furnishing Services pursuant to Section 5.5 or Section 5.6 of this Agreement may be reinstated as a Kern Medical Physician eligible to furnish Services upon the prior written approval by AHPN or Hospital. AHPN shall have the right to withhold its approval of any Kern Medical Physician in its sole discretion and without the need for compliance with any term of this Agreement, except to the extent AHPN reasonably determines that withholding of approval is reportable pursuant to the reporting requirements under applicable law.

5.8 Termination or Modification in the Event of Government Action.

(a) If the Parties receive notice of any Action, the Parties shall attempt to amend this Agreement in order to comply with the Action.

(b) If the Parties, acting in good faith, are unable to agree to the amendments necessary to comply with the Action, or, alternatively, if either Party determines in good faith that compliance with the Action is impossible or infeasible, this Agreement shall terminate ten (10) calendar days after one Party notifies the other of such fact.

(c) For the purposes of this Section, "**Action**" shall mean any legislation, regulation, rule or procedure passed, adopted or implemented by any federal, state or local government or legislative body, or any notice of a decision, finding, interpretation or action by any governmental, court or other third party which, in the opinion of counsel to the Parties, if or when implemented, would result in the arrangement between the Parties under this Agreement to:

- (i) prevent Kern Medical Physicians from being able to access and use the facilities of AHPN, Hospital or any other Affiliate of AHPN;
- (ii) constitute a violation of the Stark Law or the Federal Anti-Kickback Statute if AHPN or Kern Medical referred patients to the other Party, Hospital or any Affiliate of the other Party;
- (iii) prohibit AHPN, Hospital, Kern Medical or any Affiliate of AHPN or Kern Medical from billing for services provided to patients referred by Kern Medical Physicians or AHPN physicians; or
- (iv) subject AHPN, Hospital, Kern Medical or any Affiliate of AHPN or Kern Medical, or any of their respective employees or agents, to civil or criminal prosecution on the basis of their participation in executing this Agreement or performing their respective obligations under this Agreement.

5.9 Effect of Termination or Expiration. Upon any termination or expiration of this Agreement:

(a) all rights and obligations of the Parties shall cease except: (i) those rights and obligations that have accrued and remain unsatisfied prior to the termination or expiration of this Agreement; (ii) those rights and obligations which expressly survive termination or expiration of this Agreement; and (iii) AHPN's obligation to continue to provide services to patients under its care in the AHPN Clinics at the time of expiration or termination of this Agreement, until the patient's course of treatment is completed or the patient is transferred to the care of another physician, consistent with applicable medical, ethical and legal requirements for providing continuity of care to any patient;

(b) upon AHPN's request, Kern Medical and Kern Medical Physicians shall immediately vacate the AHPN Clinic premises, removing any and all of their personal property, and AHPN may remove and store, at Kern Medical's expense, any personal property not so removed;

(c) Kern Medical and Kern Medical Physicians shall immediately return to AHPN all of AHPN's property, including AHPN Clinic's equipment, supplies, furniture, furnishings and patient records, in their possession or under their control;

(d) neither Kern Medical nor any Kern Medical Physician shall do anything or cause any other person to do anything that interferes with AHPN's and Hospital's efforts to engage any other person or entity for the provision of Services, or interfere in any way with any relationship between AHPN and any other person or entity who may be engaged to provide Services to AHPN; and

(e) This Section 5.9 shall survive the expiration or termination of this Agreement for any reason.

5.10 Medical Records. All patient records, charts and files for AHPN Patients treated or examined by Kern Medical Physicians at AHPN Clinics or Hospital shall be and shall remain the property of AHPN or Hospital, as applicable. Upon any termination or expiration of this Agreement, Kern Medical shall not be entitled to keep, preserve or copy any such records, charts and records; *provided, however*, that (i) any patient may specifically request a copy of his/her records to be provided to Kern Medical at Kern Medical's or the patient's cost, and (ii) AHPN or Hospital shall provide applicable medical records to Kern Medical at no cost in the event of litigation where Kern Medical is required to defend and indemnify AHPN and/or Hospital. In no event shall Kern Medical be entitled to the records, charts or files of patients not specifically treated by Kern Medical Physicians while contracted with AHPN.

ARTICLE VI. GENERAL PROVISIONS

6.1 Amendment. This Agreement, including any Exhibit hereto, may be modified or amended only by mutual written agreement of the Parties. Any such modification or amendment must be in writing, dated, signed by the Parties and attached to this Agreement.

6.2 Assignment. Neither Party may assign any interest or obligation under this Agreement without the other Party's prior written consent. Subject to the foregoing, this Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors and assigns.

6.3 Compliance with Laws. Each of AHPN, Hospital, and Kern Medical shall, and shall cause its employees and agents, including in the case of Kern Medical, the Kern Medical Physicians, to, comply with all applicable laws, ordinances, codes and regulations of federal, state and local governments, applicable to such Party, the provision of the Services or the obligations of such Party (including with respect to Kern Medical, the Kern Medical Physicians) under this Agreement, and shall assist the other Party, as reasonably requested, in compliance with applicable laws and the standards, requirements, guidelines and recommendations of such nationally recognized accrediting organization as the other Party may designate from time to time.

6.4 Compliance with Medicare Rules. To the extent required by law or regulation, Kern Medical shall make available, upon written request from AHPN, Hospital, the Secretary of Health and Human Services, the Comptroller General of the United States, or any other duly authorized agent or representative, this Agreement and Kern Medical's books, documents and records relating to Kern Medical Physicians to the extent necessary to certify the nature and extent of AHPN's costs for Services provided by Kern Medical Physicians. Kern Medical shall preserve and make available such books, documents and records for a period of ten (10) years after the end of the term of this Agreement, or the length of time required by state or federal law. If Kern Medical is requested to disclose books, documents or records pursuant to this Section for any purpose, Kern Medical shall notify AHPN of the nature and scope of such request, and Kern Medical shall make available, upon written request of AHPN, all such books, documents or records.

If Kern Medical carries out any of the duties of the contract 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, such subcontract shall contain a clause to the effect that until the expiration of ten (10) years after the furnishing of such Services pursuant to such subcontract, the related organization shall make available, upon written request by the Secretary, or upon request by the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

6.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

6.6 Disclosure of Agreement. Neither Party shall disclose any of the provisions of this Agreement to any person or entity, other than such Party's respective attorneys or accountants, without the prior written consent of the other Party, unless and only to the extent such disclosure is required by law, subpoena or legal process. No Party may disclose the provisions of this Agreement to any person or entity without the prior written consent of the other Party except to the extent such disclosure is requested or required by (a) such Party's

respective contracts existing as of the date of this Agreement; (b) fiscal intermediaries, public agencies or commissions with governmental powers and duties related to disclosure of information which have the right to compel disclosure of such information; or (c) applicable laws, including the California Public Records Act (Gov. Code, § 6250 et seq.).

6.7 Dispute Resolution. In the event of any dispute, controversy, claim or disagreement arising out of or related to this Agreement or the acts or omissions of the Parties with respect to this Agreement (each, a “**Dispute**”), the Parties shall resolve such Dispute as follows:

(a) **Meet and Confer.** The Parties shall, as soon as reasonably practicable, but in no case more than ten (10) days after one Party gives written notice of a Dispute to the other Party (the “**Dispute Notice**”), meet and confer in good faith regarding such Dispute at such time and place as mutually agreed upon by the Parties (the “**Meet and Confer**”). The obligation to conduct a Meet and Confer pursuant to this Section does not obligate either Party to agree to any compromise or resolution of the Dispute that such Party does not determine, in its sole and absolute discretion, to be a satisfactory resolution of the Dispute. The Meet and Confer shall be considered a settlement negotiation for the purpose of all applicable laws protecting statements, disclosures or conduct in such context, and any offer in compromise or other statements or conduct made at or in connection with any Meet and Confer shall be protected under such laws.

(b) **Arbitration.** If any Dispute is not resolved to the mutual satisfaction of the Parties within ten (10) business days after delivery of the Dispute Notice (or such other period as may be mutually agreed upon by the Parties in writing), the Parties shall submit such Dispute to arbitration conducted by Judicial Arbitration and Mediation Services, Inc. (“**JAMS**”), or other arbitration and/or mediation services company as agreed to by the Parties, in accordance with the following rules and procedures:

- (i) Each Party may commence arbitration by giving written notice to the other Party demanding arbitration (the “**Arbitration Notice**”). The Arbitration Notice shall specify the Dispute, the particular claims and/or causes of actions alleged by the Party demanding arbitration, and the factual and legal basis in support of such claims and/or causes of action.
- (ii) The arbitration shall be conducted in Kern County and in accordance with the commercial arbitration rules and procedures of JAMS (or other arbitration company as mutually agreed to by the Parties) to the extent such rules and procedures are not inconsistent with the provisions set forth in this Section. In the event of a conflict between any rules and/or procedures of JAMS (or other arbitration company as mutually agreed to by the Parties) and the rules and/or procedures set forth in this Section, the rules and/or procedures set forth in this Section shall govern.
- (iii) The arbitration shall be conducted before a single impartial retired member of the JAMS panel of arbitrators (or panel of arbitrators

from such other arbitration company as mutually agreed to by the Parties) covering Kern County (the “**Panel**”). The Parties shall use their good faith efforts to agree upon a mutually acceptable arbitrator within thirty (30) days after delivery of the Arbitration Notice. If the Parties are unable to agree upon a mutually acceptable arbitrator within such time period, then each Party shall select one arbitrator from the Panel, and those arbitrators shall select a single impartial arbitrator from the Panel to serve as arbitrator of the Dispute.

- (iv) The Parties expressly waive any right to any and all discovery in connection with the arbitration; provided, however, that each Party shall have the right to conduct no more than two (2) depositions and submit one set of interrogatories with a maximum of forty (40) questions, including subparts of such questions.
- (v) The arbitration hearing shall commence within thirty (30) days after appointment of the arbitrator. The substantive internal law (and not the conflict of laws) of the State shall be applied by the arbitrator to the resolution of the Dispute, and the Evidence Code of the State shall apply to all testimony and documents submitted to the arbitrator. The arbitrator shall have no authority to amend or modify the limitation on the discovery rights of the Parties or any of the other rules and/or procedures set forth in this Section. As soon as reasonably practicable, but not later than thirty (30) days after the arbitration hearing is completed, the arbitrator shall arrive at a final decision, which shall be reduced to writing, signed by the arbitrator and mailed to each of the Parties and their respective legal counsel.
- (vi) Any Party may apply to a court of competent jurisdiction for entry and enforcement of judgment based on the arbitration award. The award of the arbitrator shall be final and binding upon the Parties without appeal or review except as permitted by the Arbitration Act of the State.
- (vii) The fees and costs of JAMS (or other arbitration company as mutually agreed to by the Parties) and the arbitrator, including any costs and expenses incurred by the arbitrator in connection with the arbitration, shall be borne equally by the Parties, unless otherwise agreed to by the Parties.

- (viii) Except as set forth in Section 6.7(b)(vii), each Party shall be responsible for the costs and expenses incurred by such Party in connection with the arbitration, including its own attorneys' fees and costs.

(c) **Waiver of Injunctive or Similar Relief.** The Parties hereby waive the right to seek specific performance or any other form of injunctive or equitable relief or remedy arising out of any Dispute, except that such remedies may be utilized for purposes of enforcing this Section and sections governing Confidential Information, Disclosure of Agreement, Compliance with Laws and Compliance with Medicare Rules of this Agreement. Except as expressly provided herein, upon any determination by a court or by an arbitrator that a Party has breached this Agreement or improperly terminated this Agreement, the other Party shall accept monetary damages, if any, as full and complete relief and remedy, to the exclusion of specific performance or any other form of injunctive or equitable relief or remedy. The Parties hereby consent to the jurisdiction of any such court and to venue therein, waives any and all rights under the laws of any other state to object to jurisdiction within the State, and consents to the service of process in any such action or proceeding, in addition to any other manner permitted by applicable law, by compliance with the notices provision of this Agreement.

(d) **Survival.** This Section shall survive the expiration or termination of this Agreement.

6.8 Entire Agreement. This Agreement is the entire understanding and agreement of the Parties regarding its subject matter, and supersedes any prior oral or written agreements, representations, understandings or discussions between the Parties. No other understanding between the Parties shall be binding on them unless set forth in writing, signed and attached to this Agreement.

6.9 Exhibits. The attached exhibits, together with all documents incorporated by reference in the exhibits, form an integral part of this Agreement and are incorporated into this Agreement wherever reference is made to them to the same extent as if they were set out in full at the point at which such reference is made.

6.10 Force Majeure. Neither Party shall be liable for nonperformance or defective or late performance of any of its obligations under this Agreement to the extent and for such periods of time as such nonperformance, defective performance or late performance is due to reasons outside such Party's control, including acts of God, war (declared or undeclared), terrorism, action of any governmental authority, civil disturbances, riots, revolutions, vandalism, accidents, fire, floods, explosions, sabotage, nuclear incidents, lightning, weather, earthquakes, storms, sinkholes, epidemics, pandemics, failure of transportation infrastructure, disruption of public utilities, supply chain interruptions, information systems interruptions or failures, breakdown of machinery or strikes (or similar nonperformance, defective performance or late performance of employees, suppliers or subcontractors); provided, however, that in any such event, each Party shall use its good faith efforts to perform its duties and obligations under this Agreement.

6.11 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State, except choice of law rules that would require the application of the laws of any other jurisdiction.

6.12 Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

6.13 No Third-Party Beneficiary Rights. The Parties do not intend to confer and this Agreement shall not be construed to confer any rights or benefits to any person, firm, group, corporation or entity other than the Parties.

6.14 Notices. All notices or communications required or permitted under this Agreement shall be given in writing and delivered personally or sent by United States registered or certified mail with postage prepaid and return receipt requested or by overnight delivery service (*e.g.*, Federal Express, DHL). In each case, notice shall be delivered or sent to the address set forth on the signature page to this Agreement.

6.15 Representations. Each Party represents with respect to itself that: (a) no representation or promise not expressly contained in this Agreement has been made by any Party or by any Party's agents, employees, representatives or attorneys; (b) this Agreement is not being entered into on the basis of, or in reliance on, any promise or representation, expressed or implied, other than such as are set forth expressly in this Agreement; and (c) they have been represented by legal counsel of their own choice or have elected not to be represented by legal counsel in this matter.

6.16 Severability. If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and such severance shall have no effect upon the enforceability of the remainder of this Agreement.

6.17 Waiver. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a Party must be in writing to be effective, and shall apply solely to the specific instance expressly stated.

[signature page follows]

The Parties have executed this Agreement on the date below.

AHPN

ADVENTIST HEALTH PHYSICIANS
NETWORK, a California nonprofit religious
corporation

 *Adrian Serna*

By: Adrian Serna
Its CFO

Date: 12/10/2021

Address of AHPN:
Adventist Health Physicians Network
ONE Adventist Health Way
Roseville, CA 95661

KERN MEDICAL

KERN COUNTY HOSPITAL AUTHORITY

By: Scott Thygerson
Its Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

By: Karen S. Barnes
Its Vice President and General Counsel

Address of Kern Medical:
1700 Mount Vernon Avenue
Bakersfield, California 93306
Attn: Chief Executive Officer

Exhibit A

AHPN CLINICS

1. 2701 Chester Avenue, Suite 102, Bakersfield, CA 93301

Exhibit 1.1
SPECIALTIES

1. Neurosurgery

Exhibit 1.2(a)

ADDITIONAL SERVICES TO BE PROVIDED BY KERN MEDICAL

Kern Medical shall cause Kern Medical Physicians to:

- (a) provide teaching, educational or training services, as reasonably requested by AHPN;
- (b) participate in utilization review programs, as reasonably requested by AHPN;
- (c) participate in risk management, quality assurance and peer review programs, as reasonably requested by AHPN;
- (d) accept third-party insured patients and referrals of patients which are made by members of the Medical Staff, subject only to the limitations of scheduling and Kern Medical Physicians' professional qualifications;
- (e) assist AHPN in monitoring and reviewing the clinical performance of health care professionals who provide services to AHPN's patients, including reviewing incident reports and patient satisfaction studies relevant to AHPN Clinics, and assisting AHPN in implementing any necessary corrective actions to address any issues identified during the course of such review;
- (f) assist in monitoring the performance of those professionals who are not meeting AHPN quality and/or performance standards, including, without limitation, direct observation of the provision of care by such professionals;
- (g) assist AHPN management with all preparation for, and conduct of, any inspections and on-site surveys of AHPN Clinics conducted by governmental agencies, accrediting organizations, or payors contracting with AHPN;
- (h) cooperate with AHPN in all litigation matters affecting Kern Medical or AHPN, to the extent permitted by law; and
- (i) cooperate and comply with AHPN's policies and procedures which are pertinent to patient relations, quality assurance, scheduling, billing, collections and other administrative matters and cooperate with AHPN's efforts to bill and collect fees for services rendered to AHPN's patients. All business transactions related to the Services provided by Kern Medical, such as enrollment, verification and billings, shall be conducted by and in the name of AHPN.

Exhibit 1.2(b)

DIRECTOR SERVICES

Medical Director or designee shall, on behalf of AHPN or Hospital, as applicable:

1. provide general administration of the day-to-day operations of the Program;
2. implement AHPN or Hospital policies and procedures regarding the Program;
3. ensure physician coverage of the Program;
4. schedule, coordinate and supervise the provision of medical and ancillary services within the Program;
5. ensure the maintenance of consistently high quality service, and advise AHPN or Hospital in the development and implementation of an appropriate quality assurance program with respect to the Program;
6. advise and assist in the organization and implementation of an effective utilization review program with respect to the Program and related services;
7. coordinate and consult with AHPN or Hospital and Medical Staff regarding the efficiency and effectiveness of the Program, and make recommendations and analyses as needed for AHPN or Hospital to improve services provided in the Program and reduce costs;
8. advise AHPN or Hospital regarding equipment, building, supplies, and other items for the proper and efficient operation of the Program;
9. develop, review, and provide training programs for Medical Staff and AHPN or Hospital personnel;
10. prepare such reports and records as may be required by this Agreement, AHPN, Hospital or the Medical Staff;
11. participate in AHPN, Hospital and Medical Staff committees upon request by AHPN or Hospital;
12. participate in continuing medical education, research and teaching activities upon request by AHPN or Hospital;
13. participate in development and presentation of programs related to the marketing of the Program's services and enhancing community relations; provided, however, that Medical Director shall not be required to participate in any advertising or commercials related to the Program's services;
14. advise and assist in the development of protocols and policies for the Program;

15. upon request by AHPN or Hospital, be available at all times to respond/consult in the event of urgent or emergency situations;
16. supervise maintenance of patient and personnel records for the Program;
17. ensure and supervise compliance by Medical Staff and employees of the Program with AHPN or Hospital and Medical Staff rules and bylaws;
18. participate in utilization review programs, as reasonably requested by AHPN or Hospital;
19. participate in risk management and quality assurance programs, as reasonably requested by AHPN or Hospital;
20. assist AHPN or Hospital in monitoring and reviewing the clinical performance of health care professionals who provide services to AHPN or Hospital's patients; including reviewing incident reports and patient satisfaction studies relevant to the Program, and assisting in implementing any necessary corrective actions to address any issues identified during the course of such review;
21. assist in monitoring the performance of those professionals who are not meeting AHPN or Hospital quality and/or performance standards, including, without limitation, direct observation of the provision of care by such professionals, and in disciplining any professionals who continue poor performance, recognizing that the AHPN or Hospital Board of Directors is ultimately responsible for maintaining the standards of care provided to patients;
22. assist AHPN or Hospital management with preparation for, and conduct of, any inspections and on-site surveys of the AHPN Clinic, Hospital or the Program, as applicable, conducted by governmental agencies, accrediting organizations, or payors contracting with AHPN or Hospital; and
23. assist AHPN or Hospital in developing, implementing and monitoring a program by which quality measures are reportable to AHPN or Hospital with respect to the Program.

Exhibit 2.1

COMPENSATION

1. **Professional Compensation.** AHPN shall pay to Kern Medical the following amounts for the Services provided by Kern Medical Physician (the “**Monthly Compensation**”):

A. **Neurosurgery.** For Services in the specialty of Neurosurgery, AHPN shall pay Kern Medical on a pass-through basis, subject to adjustments based on submission of monthly time reports for actual hours performed, based on the following:

- a. Inpatient Acute Care Neurosurgery:
 - i. 24-hour call coverage: \$94.00 per hour
 - ii. Active clinical services (e.g., rounding, consultations, care coordination, etc.): \$414.00 per hour, at a minimum of 4 clinic hours per day, prorated against Call coverage time (i.e., \$414.00 - \$94.00 = \$320.00 per hour); additional active clinical hours logged and invoiced on a prorated basis
 - iii. Medical Director Services for Acute Care Spine: \$20,000 per year (estimated ten (10) hours per month)
- b. Elective Neurosurgery:
 - i. Clinical services: \$4,140 per 10-hour day blocks, non-prorated
 - ii. Elective surgery days: \$4,140 per 10-hour day blocks, non-prorated
 - iii. Medical Director Service for Neuro Oncology: \$20,000 per year (estimated ten (10) hours per month)
- c. APP Professional Services: For Physician Assistant / Nurse Practitioner professional services:
 - i. Operating room assist: \$150 per hour
 - ii. Inpatient floor/Emergency Room services: \$110 per hour
 - iii. Clinic services: \$110 per hour
- d. Total Neurosurgery Base Program Cost: \$1,997,260, estimated including: 24-hour call coverage + 4 hours/day active inpatient hours + 2 medical directorships + 2 clinic days/week + 1 OR day/week

B. **Specialist Recruitment Expenses.** Upon mutual agreement by the Parties, the Parties shall equally split the costs incurred by either Party in the recruitment of

certain specialist physicians to provide professional services in the communities served by the Parties, including, but not limited to the specialties of urology and gastroenterology. Upon successful recruitment of such specialist physician, the Parties shall amend this Agreement to reflect the Parties' agreement relating to compensation for the Services such recruited physician would provide to AHPN and its affiliates hereunder.

2. Timing. AHPN shall pay the Compensation due for Services performed by Kern Medical in the immediately preceding month within ten (10) business days after Kern Medical's submission of the monthly time report in accordance with this Agreement, as applicable.

Exhibit 2.2

LETTER OF AGREEMENT

[Date]

Attn: _____

Ladies and Gentlemen:

I, _____ (print name) (“Kern Medical Physician”) acknowledge that Kern Medical and Adventist Health Physicians Network (“AHPN”) have entered into a Professional Services Agreement (“AHPN PSA”) under which Kern Medical, through its employed or contracted Kern Medical Physicians, provide professional Specialty staffing to AHPN at AHPN Clinics; and (iii) that I have been engaged by Kern Medical to provide professional services under the AHPN PSA as a “Kern Medical Physician” (as defined in the AHPN PSA). As a Kern Medical Physician, I expressly:

1. hereby reassign to AHPN all claims, demands, and right for any and all Services rendered by me as a Kern Medical Physician and will take such action and execute such documents as may be (i) reasonably necessary or appropriate to effectuate the reassignment to AHPN of all my claims, demands and rights for any and all Services rendered by me as a Kern Medical Physician, and (ii) required by insurance carriers, health care service plans, governmental agencies, or other third party payors;

2. acknowledge that AHPN shall provide me with access to such claim forms with respect to Services furnished by me as a Kern Medical Physician that are submitted to insurance carriers, health care service plans, governmental agencies, or other third party payors; and

3. acknowledge that AHPN and I will be jointly and severally liable for any Medicare, Medicaid or any other Federal health care program, as defined at 42 U.S.C. Section 1320a-7b(f) (each, a “**Federal Health Care Program**”) overpayments relating to claims with respect to Services furnished by me as a Kern Medical Physician.

Sincerely,

[Name of Kern Medical Physician], [M.D.]
[D.O.]

**ACKNOWLEDGED AND
AGREED TO BY:**

ADVENTIST HEALTH PHYSICIANS NETWORK

By: Adrian Serna
Its CFO



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

December 15, 2021

Subject: Proposed Agreement with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern County Hospital Authority and Adventist Health Bakersfield have partnered to bring together their respective strengths to multiply the choices patients have for treatment and create across Kern County a sought-after, powerful network for patients and physicians. As an initial response, Kern Medical is recommending that your Board approve an Agreement with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation (Valley Neurosurgery) for the provision of neurological surgery professional services at Adventist Health Bakersfield. Kern Medical has contracted with Valley Neurosurgery for similar services at Kern Medical since 2016.

The Agreement with Valley Neurosurgery is for a term of three years from January 1, 2022 through December 31, 2024. During the term of the Agreement, Valley Neurosurgery will provide the professional medical services as “Kern Medical Physicians” at AHPN Clinics and in the inpatient setting at Adventist Health Bakersfield. In addition to medical services, the assigned Valley Neurosurgery physicians will provide an array of related administrative and teaching duties. The services of one or more Medical Directors in specific clinical subspecialties will also be provided by Valley Neurosurgery.

Kern Medical will compensate Valley Neurosurgery monthly for the services provided by the Valley Neurosurgery physicians in accordance with the fee schedule set forth in section 3 of the Agreement. Specifically, AHPN will pay Kern Medical various negotiated rates for inpatient acute care neurosurgery, elective neurosurgery, elective neurosurgery surgical coverage, neurosurgery call coverage, physician assistant/nurse practitioner professional services, and Medical Director Services. Total compensation to be paid to Valley Neurosurgery by Kern Medical will not exceed \$6,000,000 over the three-year term of the Agreement. AHPN will have the exclusive right to bill and collect all professional fees for services provided by the Kern Medical physicians in the AHPN Clinics and at Adventist Health Bakersfield, and will pay Kern Medical on a pass-through basis for the services provided by Valley Neurosurgery.

Therefore, it is recommended that your Board approve the Agreement with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation for a term of three years from January 1, 2022 through December 31, 2024, in an amount not to exceed \$6,000,000, and authorize the Chief Executive Officer to sign subject to approval as to form by Counsel.

Owned and Operated by the Kern County Hospital Authority
A Designated Public Hospital

1700 Mount Vernon Avenue | Bakersfield, CA 93306 | (661) 326-2000 | KernMedical.com

**AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Valley Neurosurgery and Neurorestoration Center)**

This Agreement is made and entered into this ____ day of _____, 2021, between the Kern County Hospital Authority, a local unit of government (“Authority”), and Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, a California professional medical corporation (“Contractor”), with its principal place of business located at 309 Grand Avenue, South Pasadena, California 91030.

**I.
RECITALS**

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

(b) Authority owns and operates Kern Medical Center (“KMC”), a general acute care hospital located at 1700 Mount Vernon Avenue, Bakersfield, California, and affiliated clinics, which are staffed by qualified physicians and other licensed healthcare providers employed or contracted by Authority; and

(c) Contractor is a California professional medical corporation with medical doctors (collectively, “Group Physicians” or individually, “Group Physician”) and Advanced Practice Providers, who provide neurological surgery and related services on behalf of Contractor; and

(d) Authority contracts with Adventist Health Physicians Network (“AHPN”), an Affiliate of Adventist Health System/West, d/b/a Adventist Health, and its affiliate, Adventist Health Bakersfield (“Hospital”), to provide the services of certain KMC Physicians to provide professional services in certain specialties at Hospital and in clinics owned and operated by AHPN pursuant to Health and Safety Code Section 1206(l), as amended (“AHPN Clinics”); and

(e) Authority requires the assistance of Contractor to provide professional medical services through Group Physicians on behalf of Authority to patients at AHPN Clinics and Hospital, as such services are unavailable from Authority resources, and Contractor desires to provide such services on the terms and conditions set forth in this Agreement; and

(f) Contractor has special knowledge, training and experience, and is qualified to render such services; and

(g) The parties desire to set forth their understanding and agreement, subject to the terms and conditions set forth herein;

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

II. TERMS AND CONDITIONS

1. **Term.** This Agreement shall become effective on January 1, 2022 (the “**Effective Date**”), and shall continue through December 31, 2024, subject to the termination provisions of this Agreement as herein stated. The term of this Agreement may be extended upon mutual agreement of the parties.

2. **Obligations of Contractor.**

2.1 **Professional Services.** Contractor shall cause Group Physicians to provide the medically necessary neurological surgery professional services (the “**Specialty**”) for individuals receiving medical care, evaluation, diagnosis, education, counseling or treatment at AHPN Clinics, Hospital and at such other sites or locations or service as may be required pursuant to professionally recognized standards regarding continuity of care or professional responsibility or the terms of any contractual arrangement between any third-party payer and AHPN (collectively, “**AHPN Patients**”), upon the terms and subject to the conditions set forth in this Agreement (the “**Professional Services**”).

2.2 **Additional Services; Director Services.**

2.2.1 Contractor shall cause Group Physicians to provide to AHPN those additional services set forth in **Exhibit 2.1.1** (the “**Additional Services**”), upon the terms and subject to the conditions set forth in this Agreement.

2.2.2 Contractor shall cause one or more Group Physicians (each such physician, the “**Medical Director**”) to provide to AHPN and Hospital, as applicable, with medical director services in the Specialty (the “**Program**”) as described in **Exhibit 2.1.2** (the “**Director Services**”) in accordance with a schedule as mutually agreed upon by the parties, subject to the terms set forth in this Agreement. Each Medical Director shall allocate up to ten (10) hours per month to Director Services as reasonably requested by Authority from time to time.

2.3 **AHPN Clinic Coverage, Hospital Coverage and Staffing.**

2.3.1 Contractor shall cause Group Physicians to provide physical, on-site coverage at the AHPN Clinics pursuant to a schedule as agreed upon by the parties during the AHPN Clinics’ normal business hours (the “**AHPN Clinic Coverage**”), including Saturday, Sunday, and holiday Clinic Coverage on an as-needed basis, as mutually agreed upon by the parties.

2.3.2 Contractor shall cause Group Physicians to be available on an on-call basis to provide consultation medical care and/or treatment to AHPN Patients at Hospital, including Hospital patients presenting to Hospital’s emergency department, in-hospital patients requiring consults (the “**Hospital Call Coverage**”), pursuant to a schedule as

agreed upon by the parties and upon the terms and subject to the conditions set forth in this Agreement and under applicable rules of the Hospital.

1) Contractor shall cause Group Physicians to provide Hospital Call Coverage on a shared basis with other Panel Members in a manner that is sufficient to ensure coverage for the Hospital services twenty-four (24) hours per day, seven (7) days per week, including all holidays, as mutually agreed upon by the Parties. For purposes of this Agreement, **“Panel Members”** shall mean specialty panels of physicians engaged by the Hospital, including Group Physicians.

2) Contractor shall inform Authority of each Group Physician’s availability to provide Hospital Call Coverage during such month. Contractor shall use best efforts to adjust each Group Physician’s schedule of availability if reasonably requested by Authority in order to meet the needs of Hospital for Hospital Call Coverage Services.

3) A Group Physician shall not be simultaneously on-call to any other hospital or health care facility while scheduled to provide Hospital Call Coverage for Hospital, except as otherwise mutually agreed upon by the parties.

4) Contractor shall cause Group Physicians shall accept appropriate transfers that are sent to Hospital during such physician’s scheduled call period and assume primary or consultative care to transfer patients, provided that such Group Physician has determined the transfer is medically appropriate, Group Physician is qualified to provide the medical treatment necessary to such patients and Hospital’s designated official responsible for coordinating transfers has determined that Hospital has sufficient capability and capacity to accept the transfer.

5) Contractor shall cause Group Physicians to report promptly the results of all professional services furnished to a Hospital patient’s attending physician(s), if any.

2.4 **Supervision Services.** Contractor shall cause Group Physicians to supervise and coordinate the activities of Mid-Level Practitioners and clinical staff staffing the AHPN Clinic locations, in accordance with licensing standards and other applicable laws, rules, regulations and industry standards as may be adopted by AHPN or Hospital, as applicable, from time to time (the **“Supervision Services”**). For purposes of this Agreement, **“Mid-Level Practitioner”** shall mean (i) a person who is licensed by the Physician Assistant Examining Committee of the Division of Allied Health Professions of the Medical Board of California (or any successor licensing authority) and due to his or her professional training and experience, is capable of rendering physician assistant services in accordance with 16 C.C.R. Section 1399.540 et seq., or a successor rule or regulation; (ii) a person who is licensed by the California Board of Registered Nursing as a registered nurse and who is found to be qualified by said Board to use the title “nurse practitioner”; or (iii) a person to whom a certificate has been issued pursuant to Article

2.5 (commencing with Section 2746) of Chapter 6 of the California Business and Professions Code (or any successor authority). The Professional Services, the Additional Services, Director Services, AHPN Clinic Coverage, Hospital Call Coverage and Supervision Services are sometimes referred to collectively in this Agreement as the “**Services**”.

2.5 **Professional Standards and Qualifications.** Contractor shall ensure each Group Physician:

2.5.1 is and at all times remains a member in good standing in the “active staff” category of the medical staff at Hospital (the “Medical Staff”);

2.5.2 is and at all times remains duly licensed and qualified to practice medicine in the state of California);

2.5.3 is and at all times board certified or board eligible in the Specialty; and

2.5.4 has and maintains at all times a valid and unrestricted United States Drug Enforcement Administration (“DEA”) registration.

2.6 **Participation in Governmental Programs.** Each Group Physician shall be and remain a participating provider in the Medicare and Medi-Cal programs, and any other federal health care program, as defined at 42 U.S.C. § 1320a-7b(f) (collectively, the “Federal Health Care Programs”), as reasonably requested by AHPN or Hospital, as the case may be, from time to time. Contractor shall ensure that Group Physicians provide Professional Services to Federal Health Care Program beneficiaries in a non-discriminatory manner, and shall coordinate with AHPN and Hospital to make available to Federal Health Care Program beneficiaries all primary, specialty, diagnostic and other medical services offered to other AHPN Patients.

2.7 **Cooperation with AHPN and Hospital Compliance Obligations.** Contractor shall cause Group Physicians to cooperate with the compliance programs maintained by AHPN and Hospital (collectively, the “Compliance Program”) to the extent that such requirements are (i) applicable to the operation of AHPN Clinics and Contractor’s provision of Services under this Agreement, (ii) consistent with applicable industry standards and laws, and (ii) communicated to Contractor and Group Physicians, so that AHPN and Hospital may meet all requirements imposed by laws and any governing or advisory body having authority to set standards governing the operation of the AHPN Clinics or Hospital.

2.8 **Performance Standards.** Contractor shall cause each Group Physician to:

2.8.1 comply with all standards of conduct, bylaws, policies, rules and regulations of the Hospital, AHPN Clinics, Medical Staff or allied health staff (as defined in Hospital’s Medical Staff bylaws) (“AH Rules”);

2.8.2 participate in continuing education as necessary to maintain licensure and certification, professional competence and skills commensurate with the standards of the medical community and as otherwise required by the medical profession;

2.8.3 comply with all applicable standards and recommendations of such nationally recognized accrediting organization(s) as AHPN or Hospital designates from time to time, Title 22 of the California Code of Regulations and other accreditation and regulatory bodies; and

2.8.4 comply with all protocols applicable to the AHPN Clinics as adopted by AHPN or Hospital, as applicable, from time to time.

2.9 **Limitation on Control.** Neither Authority nor KMC shall have or exercise any control or direction over Contractor's or any Group Physician's professional medical judgment or the methods by which Contractor or any Group Physician performs the Professional Services; provided, however, that Contractor and each Group Physician providing Services shall be subject to and shall at all times comply with the AH Rules.

2.10 **Review of Office of the Inspector General ("OIG") Medicare Compliance Bulletins.** The OIG from time to time issues Medicare compliance alert bulletins. To the extent applicable to Contractor's performance under this Agreement, Contractor and each Group Physician shall undertake to review, be familiar with and comply with all applicable requirements of such OIG compliance bulletins.

2.11 **Use of Space.** Contractor shall cause each Group Physician to use AHPN Clinic and Hospital premises and space solely and exclusively for the provision of the Services, except in an emergency or with AHPN's and/or Hospital's prior written consent.

2.12 **Notification of Certain Events.** Contractor shall notify Authority in writing as soon as reasonably practicable (but in no event later than five (5) business days) after Contractor or any Group Physician becomes aware of any one or more of the following events:

2.12.1 any Group Physician's employment or contractual relationship with Contractor is terminated for any reason;

2.12.2 the medical staff membership or clinical privileges of any Group Physician at any hospital are denied, suspended, restricted, revoked or voluntarily relinquished;

2.12.3 any Group Physician becomes the subject of, or materially involved in, any investigation, proceeding, or disciplinary action by any Federal Health Care Program or state equivalent, any state's medical board, any agency responsible for professional licensing, standards or behavior, or any medical staff;

2.12.4 Contractor is liable to pay damages or any other amount in any malpractice action by way of judgment or settlement on behalf of any Group Physician;

2.12.5 any Group Physician becomes the subject of any disciplinary proceeding or action before any state's medical board or similar agency responsible for professional standards or behavior;

2.12.6 any Group Physician becomes incapacitated or disabled from practicing medicine;

2.12.7 any act of nature or any other event occurs which has a material adverse effect on Contractor's or any Group Physician's ability to perform the Services;

2.12.8 any Group Physician is charged with or convicted of a criminal offense; or

2.12.9 any Group Physician is debarred, suspended, excluded or otherwise ineligible to participate in or receive payment from any third-party payer program, including, without limitation, any Federal Health Care Program or state equivalent, any other public or private health and/or hospital care programs, insurance programs, self-funded employer health programs, health care service plans or preferred provider organizations.

2.13 **Nondiscrimination.** Neither Contractor nor any Group Physician shall differentiate or discriminate in performing the Services on the basis of race, color, national origin, ancestry, sex, marital status, age or payer, or on any other basis prohibited by applicable law.

2.14 **Records.** Contractor shall cause Group Physicians to prepare complete, timely, accurate and legible medical records with respect to the Professional Services provided by Group Physicians to each AHPN Patient in accordance with AH Rules. Contractor shall cooperate with AHPN and Hospital in the completion of claim forms as may be required by insurance carriers or others responsible for reimbursement.

2.15 **Compliance with HIPAA.**

2.15.1 **Covered Entity.** Contractor and Group Physicians acknowledge that AHPN and Hospital each is a separate "Covered Entity" as such term is defined under the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d *et seq.*), as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and all rules and regulations promulgated thereunder (collectively, "HIPAA"). As a Business Associate of AHPN and Hospital, Contractor and Group Physicians shall implement all necessary policies, procedures, and training to comply with HIPAA and other laws applicable to the creation, receipt, maintenance, transmittal, use, and disclosure of patient-related information.

2.15.2 **Organized Health Care Arrangement.** If requested by Authority during the term of this Agreement, Contractor shall cause Group Physicians to participate in an Organized Health Care Arrangement ("OHCA"), as such term is defined under HIPAA, and comply with AHPN or Hospital's OHCA-related policies, procedures, and notice of privacy practices.

2.16 **Representations and Warranties.** Contractor represents and warrants that: (a) no Group Physician's license to practice medicine in any state has ever been suspended, revoked

or restricted; (b) no Group Physician has ever been reprimanded, sanctioned or disciplined by any licensing board, certifying authority or medical specialty board; (c) no Group Physician has ever been excluded or suspended from participation in, or sanctioned by, any Federal Health Care Program; (d) no Group Physician has ever been denied membership and/or reappointment to the medical staff of any hospital or health care facility; (e) no Group Physician's medical staff membership or clinical privileges at any hospital or health care facility have ever been suspended, limited or revoked for a medical disciplinary cause or reason; and (f) no Group Physician has ever been charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, controlled substances, or moral turpitude, or any crime relevant to the provision of medical services or the practice of medicine.

2.17 **Taxes.** Contractor agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Contractor agrees to indemnify and hold Authority harmless from any liability which it may incur to the United States or to the state of California as a consequence of Contractor's failure to pay, when due, all such taxes and obligations. In case Authority is audited for compliance regarding any withholding or other applicable taxes, Contractor agrees to furnish Authority with proof of payment of taxes on these earnings.

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

3. **Payment for Services.**

3.1 **Compensation.** As consideration for the Services provided by Contractor hereunder, Authority shall pay Contractor in accordance with the fee schedule set forth in this paragraph 3.1. All Services are payable in arrears.

3.1.1 **Inpatient Acute Care Neurosurgery.** Authority shall pay Contractor an hourly rate of Three Hundred Twenty Dollars (\$320) per hour for inpatient acute care neurosurgery coverage.

3.1.2 **Neurosurgery Call Coverage.** Authority shall pay Contractor an hourly rate of Ninety-Four Dollars (\$94) per hour for neurosurgery call coverage.

3.1.3 **Elective Neurosurgery Coverage.** Authority shall pay Contractor a per diem rate of Four Thousand One Hundred Forty Dollars (\$4,140) for weekday and weekend elective neurosurgery coverage consisting of a ten (10) hour block per day, non-prorated.

3.1.4 **Elective Neurosurgery Surgical Coverage.** Authority shall pay Contractor a per diem rate of Four Thousand One Hundred Forty Dollars (\$4,140) for

weekday and weekend elective neurosurgery surgical coverage consisting of a ten (10) hour block per day, non-prorated.

3.1.5 **Medical Director, Neuro-oncology.** Authority shall pay Contractor a monthly stipend of One Thousand Six Hundred Sixty-Six Dollars and Sixty-Six Cents (\$1,666.66) per month not to exceed Twenty Thousand Dollars (\$20,000) annually for Director Services as Medical Director, Neuro-oncology.

3.1.6 **APP Professional Services.** Authority shall pay Contractor an hourly rate for Physician Assistant / Nurse Practitioner professional services as follows: (i) One Hundred Fifty Dollars (\$150) per hour for operating room assist; (ii) One Hundred Ten Dollars (\$110) per hour for inpatient floor/emergency room services; and (iii) One Hundred Ten Dollars (\$110) per hour for clinic services.

3.1.7 **Fair Market Value Compensation.** The compensation provided under Section 3.1 represents the parties' good faith determination of the reasonable fair market value compensation for the Services to be provided by Contractor under this Agreement.

3.1.8 **Compensation All-inclusive.** The compensation paid to Contractor is inclusive of all expenses, including without limitation, lodging, mileage reimbursement, car rental, meals, and incidental expenses.

3.1.9 **Limitations on Compensation.** Except as expressly stated herein, neither Contractor nor Group Physicians shall receive any benefits from Authority, including without limitation, health benefits, sick leave, vacation, holidays, deferred compensation or retirement.

3.1.10 **Invoices.** Invoices for payment shall be submitted in a form approved by KMC and list each service performed. Invoices and receipts shall be sent to KMC for review and processing within sixty (60) calendar days of the date of service or payment will not be made. Payment shall be made to Contractor within thirty (30) business days of receipt and approval of each invoice by KMC.

3.1.11 **Maximum Payable.** The maximum payable compensation under this Agreement shall not exceed Six Million Dollars (\$6,000,000) over the three (3) year term of this Agreement.

3.1.12 **Taxpayer Identification.** To ensure compensation is reported as paid to the proper party, Contractor shall complete and execute IRS Form W-9 (**Exhibit 3.1.10**), which identifies the taxpayer identification number for Contractor.

3.2 **Professional Fee Billing and Collection.**

3.2.1 AHPN shall have the sole and exclusive right to bill and collect for any and all Professional Services furnished by Contractor and Group Physicians at the AHPN Clinics, Hospital and at other Hospital locations (the "**AHPN Professional Services**"),

and shall have the sole and exclusive right, title and interest in and to accounts receivable with respect to such AHPN Professional Services.

3.2.2 Contractor shall cause each Group Physician to reassign to AHPN all claims, demands and rights of Group Physicians for any and all AHPN Professional Services furnished by Group Physicians to AHPN Patients in AHPN Clinics or Hospital pursuant to this Agreement. Contractor shall cause Group Physicians to take such action and execute such documents as may be reasonably necessary or appropriate to effectuate the reassignment to AHPN of all claims, demands and rights of Group Physicians for any and all AHPN Professional Services furnished by a Group Physician to AHPN Patients in AHPN Clinics or Hospital pursuant to this Agreement, including having each Group Physician execute the letter agreement attached hereto as **Exhibit 3.2.2** (the **“Reassignment Letter Agreement”**).

3.2.3 Contractor shall cooperate with AHPN, and shall cause Group Physicians to cooperate with AHPN, in the billing and collection of fees with respect to AHPN Professional Services furnished by Group Physicians. Without limiting the generality of the foregoing, Contractor shall cause Group Physicians to cooperate with AHPN in completing such claim forms with respect to AHPN Professional Services furnished by Contractor or a Group Physician pursuant to this Agreement as may be required by insurance carriers, health care service plans, governmental agencies, or other third party payers.

3.2.4 Contractor shall cause each Group Physician providing AHPN Professional Service to submit to AHPN a charge ticket within thirty (30) calendar days of performing the AHPN Professional Services.

3.2.5 Contractor shall seek and obtain compensation for the performance of AHPN Professional Services furnished by Group Physicians to AHPN Patients in AHPN Clinics or Hospital only from Authority. Contractor shall not, and shall ensure that Group Physicians do not, bill, assess or charge any fee, assessment or charge of any type against any AHPN Patient or any other person or entity for AHPN Professional Services furnished by Contractor or Group Physicians to AHPN Patients in AHPN Clinics or Hospital pursuant to this Agreement. Contractor shall promptly deliver to Authority any and all compensation, in whatever form, that is received by Contractor or Group Physicians for AHPN Professional Services furnished by Contractor or Group Physicians to AHPN Patients in AHPN Clinics or Hospital pursuant to this Agreement.

3.3 **Third Party Payer Arrangements.** Contractor shall cause Group Physicians to cooperate in all reasonable respects necessary to facilitate AHPN’s participation in any third-party payer arrangements for the provision of services (i) under Federal Health Care Programs or any other public or private health care programs, including insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations and (ii) in accordance with third-party payer arrangements that are consistent with professional standards, accreditation requirements, applicable laws and the quality and other standards imposed under this Agreement.

4. **Compliance with Medicare Rules.** To the extent required by law or regulation, Contractor shall make available, upon written request from Authority, the Secretary of Health and Human Services, the Comptroller General of the United States, or any other duly authorized agent or representative, this Agreement and Contractor's books, documents and records relating to Group Physicians to the extent necessary to certify the nature and extent of Authority's costs for Services provided by Group Physicians. Contractor shall preserve and make available such books, documents and records for a period of ten (10) years after the end of the term of this Agreement, or the length of time required by state or federal law. If Contractor is requested to disclose books, documents or records pursuant to this Section for any purpose, Contractor shall notify Authority of the nature and scope of such request, and Contractor shall make available, upon written request of Authority, all such books, documents or records. If Contractor carries out any of the duties of the contract 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, such subcontract shall contain a clause to the effect that until the expiration of ten (10) years after the furnishing of such Services pursuant to such subcontract, the related organization shall make available, upon written request by the Secretary, or upon request by the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

5. **Anti-referral Laws.** Contractor acknowledges that it is subject to certain federal and state laws governing the referral of patients, which are in effect during the term of this Agreement. These laws include (i) prohibitions on payments for referral or to induce the referral of patients, and (ii) the referral of patients by a physician for certain designated health care services to an entity with which the physician (or his or her immediate family) has a financial relationship (Cal. Business and Professions Code Sections 650 et seq.; Cal. Labor Code Sections 139.3 and 139.31; Section 1128B (b) of the Social Security Act; and Section 1877 of the Social Security Act). The parties expressly agree that nothing contained in this Agreement shall require either the referral of any patients to, or order of any goods or services from Contractor or KMC. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party shall knowingly or intentionally conduct itself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 U.S.C. Section 1320a-7b).

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

7. **Audits, Inspection and Retention of Records.** Contractor agrees to maintain and make available to Authority accurate books and records relative to all its activities under this Agreement. Contractor shall permit Authority 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. Contractor 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.

8. **Authority to Incur Financial Obligation.** It is understood that neither Contractor nor Group Physicians, in the performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.
9. **Captions.** The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.
10. **Compliance with Law.** Contractor shall observe and comply with all applicable Authority, local, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which is hereby made a part hereof and incorporated herein by reference.
11. **Conflict of Interest.** Contractor covenants that it has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.
12. **Consent.** Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.
13. **Construction.** To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and Authority acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and Authority acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.
14. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
15. **Dispute Resolution.** In the event of any dispute between Contractor and Authority arising out of or related to the validity, interpretation, enforcement or performance of this Agreement, or otherwise arising out of the relationship between the parties or the termination of that relationship, either party may by written notice call a meeting regarding such dispute to be attended by an executive officer of each party who has the authority to negotiate and bind that party to a resolution. At the meeting, such officers shall attempt in good faith to resolve the dispute. If the dispute cannot be resolved within forty-five (45) business days from the date of

the initial notice, and if either party wishes to pursue the dispute, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, Section 21 of the California Constitution and Rules 3.810 through 3.830 of the California Rules of Court.

16. **Disclosure of Agreement.** Neither party shall disclose any of the provisions of this Agreement to any person or entity, other than such party's respective attorneys or accountants, without the prior written consent of the other party, unless and only to the extent such disclosure is required by law, subpoena or legal process. No party may disclose the provisions of this Agreement to any person or entity without the prior written consent of the other party except to the extent such disclosure is requested or required by (a) such party's respective contracts existing as of the date of this Agreement; (b) fiscal intermediaries, public agencies or commissions with governmental powers and duties related to disclosure of information which have the right to compel disclosure of such information; or (c) applicable laws, including the California Public Records Act (Gov. Code, § 6250 et seq.).

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

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

19. **Exhibits.** The attached exhibits, together with all documents incorporated by reference in the exhibits, form an integral part of this Agreement and are incorporated into this Agreement wherever reference is made to them to the same extent as if they were set out in full at the point at which such reference is made.

20. **Governing Law; Venue.** This Agreement, and all transactions contemplated by this Agreement, shall in all respects be governed by, and construed and interpreted in accordance with, the laws of the state of California without giving effect to any conflicts of law principles of

such state that might refer the governance, construction or interpretation of this Agreement to the laws of another jurisdiction. Any dispute between the parties shall be brought before the Superior Court, County of Kern, California, which shall have jurisdiction over all such claims.

21. **Immigration Compliance.** Contractor shall comply with all provisions of immigration law with respect to hiring, recruiting or referring for employment persons whose authorization for employment in the United States has been verified, and shall provide KMC with a copy of such verification (8 U.S.C. § 1324). Contractor agrees to indemnify, defend, and hold harmless Authority, its officers, directors, employees and agents, from any liability, damages, or causes of action arising out of Contractor's failure to comply with this Section.

22. **Indemnification and Hold Harmless.**

22.1 **Indemnification of AHPN and Hospital by Contractor.** Contractor shall indemnify, defend and hold harmless AHPN, Hospital, their respective affiliates and directors, officers, employees or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards or costs, including reasonable attorneys' fees and costs, arising out of, resulting from, or relating to: (i) Contractor's failure to comply with the terms of this Agreement or (ii) the negligent acts or omissions of Contractor or any employee or agent of Contractor including Group Physicians in the performance of Contractor's obligations under this Agreement; or (iii) wages, salaries, employee benefits, income taxes, FICA, FUTA, SDI and all other payroll, employment or other taxes, withholdings and charges payable by AHPN or Hospital or any of their respective affiliates to, or on behalf of, Contractor or any other person employed by or contracted with Contractor.

22.2 **Indemnification of Authority by Contractor.** Contractor shall indemnify, defend and hold harmless Authority, its affiliates and their respective directors, officers, employees or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards or costs, including reasonable attorneys' fees and costs, arising out of, resulting from, or relating to: (i) Contractor's failure to comply with the terms of this Agreement; (ii) the negligent operations, acts, or omissions of Contractor or any employee or agent of Contractor including Group Physicians in the performance of Contractor's obligations under this Agreement; or (iii) wages, salaries, employee benefits, income taxes, FICA, FUTA, SDI and all other payroll, employment or other taxes, withholdings and charges payable by Authority or any of its affiliates to, or on behalf of, Contractor or any other person employed by or contracted with Contractor including Group Physicians.

22.3 **Third-Party Claim.** If a third-party makes a claim (a "**Third-Party Claim**") against any person which may give rise to a claim of indemnity under this Agreement in favor of such person (the "**Indemnified Party**"), the Indemnified Party shall, within ten (10) days of receiving notice of the Third-Party Claim, give written notice to the party from which indemnity may be claimed (the "**Indemnifying Party**") and immediately afford the Indemnifying Party's counsel the opportunity to join and participate in discussing, defending or compromising such Third-Party Claim. Within thirty (30) calendar days of receipt of such notice of claim, by written notice in form acceptable to the Indemnified Party, the Indemnifying Party may elect at its own expense to undertake the defense of such Third-Party Claim in the name of the Indemnified

Party. This undertaking shall include the right to appeal and the right to compromise or settle. If the Indemnifying Party undertakes the defense of any Third-Party Claim, the Indemnified Party shall have the right to participate fully in the defense at its own expense. This Section shall survive termination of this Agreement.

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

24. **Insurance.** With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain, insurance as described in **Exhibit 24**.

25. **Limitation on Control.** Neither Authority nor KMC shall have or exercise any control or direction over Contractor's or any Group Physician's professional medical judgment or the methods by which Contractor or any Group Physician performs the Professional Services; provided, however, that Contractor and each Group Physician providing Services shall be subject to and shall at all times comply with the AH Rules.

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

27. **No Third Party Beneficiaries.** The parties do not intend to confer and this Agreement shall not be construed to confer any rights or benefits to any person, firm, group, corporation or entity other than the Parties.

30. **Non-collusion Covenant.** Contractor represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with Authority. Contractor has received from Authority no incentive or special payments, nor considerations, not related to the provision of the Services under this Agreement.

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

32. **Notices.** Notices to be given by one party to the other under this Agreement shall be given in writing by personal delivery, by certified mail, return receipt requested, or express

delivery service at the addresses specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received four (4) calendar days after deposit. A party may change the address to which notice is to be given by giving notice as provided above.

Notice to Contractor:

Valley Neurosurgery and Neurorestoration
Center, A Medical Corporation
309 Grand Avenue
South Pasadena, California 91030
Attn.: Its President

Notice to Authority:

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

33. **Representations.** Each Party represents with respect to itself that: (a) no representation or promise not expressly contained in this Agreement has been made by any Party or by any Party's agents, employees, representatives or attorneys; (b) this Agreement is not being entered into on the basis of, or in reliance on, any promise or representation, expressed or implied, other than such as are set forth expressly in this Agreement; and (c) they have been represented by legal counsel of their own choice or have elected not to be represented by legal counsel in this matter.

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

35. **Sole Agreement.** This Agreement is the entire understanding and agreement of the Parties regarding its subject matter, and supersedes any prior oral or written agreements, representations, understandings or discussions between the Parties. No other understanding between the Parties shall be binding on them unless set forth in writing, signed and attached to this Agreement.

36. **Termination.**

36.1 **Termination by Either Party.** Either Party may terminate this Agreement at any time, with or without cause, upon ninety (90) calendar days' prior written notice to the other party.

36.2 **Termination by Authority.** Authority shall have the right to terminate this Agreement at any time upon the occurrence of any one or more of the following events:

36.2.1 Breach of this Agreement by Contractor where such breach is not cured within thirty (30) calendar days after Authority gives written notice of such breach to Contractor;

36.2.2 AHPN ceases operations of AHPN Clinics;

36.2.3 Contractor is unable to obtain or maintain sufficient insurance, as required under this Agreement, for any reason;

36.2.4 Contractor makes an assignment for the benefit of creditors, admits in writing the inability to pay its debts as it matures, applies to any court for the appointment of a trustee or receiver over its assets, or upon commencement of any voluntary or involuntary proceedings under any bankruptcy, reorganization, arrangement, insolvency, dissolution, liquidation or other similar law of any jurisdiction;

36.2.5 Contractor is rendered unable to comply with the terms of this Agreement for any reason; or

36.2.6 AHPN fails to remit payment to Authority for the Services provided by Contractor within sixty (60) calendar days' of Authority's submission of the monthly time report month to AHPN.

36.3 **Immediate Removal of Group Physicians.** Contractor shall immediately remove any Group Physician from furnishing Services under this Agreement who:

36.3.1 has his or her Medical Staff membership or clinical privileges at Hospital or any other health facility terminated, suspended, revoked or relinquished for any reason, whether voluntarily or involuntarily, temporarily or permanently, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

36.3.2 has his or her license to practice medicine in the state of California, board certification or DEA registration denied, suspended, restricted, terminated, revoked or relinquished for any reason, whether voluntarily or involuntarily, temporarily or permanently, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

36.3.3 is charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, or moral turpitude, or any crime relevant to the Services or the practice of medicine;

36.3.4 is debarred, suspended, excluded or otherwise ineligible to participate in or receive payment from any third-party payer program, including, without limitation, any Federal Health Care Program or state equivalent, any other public or private health and/or hospital care programs, insurance programs, self-funded employer health programs, health care service plans or preferred provider organizations; or

36.3.5 fails to satisfy any of the standards and qualifications set forth in Sections 2.5, 2.6, 2.7, and 2.8 of this Agreement.

36.4 **Removal of Group Physicians upon AHPN/Hospital Request.** Upon written request by Authority, Contractor shall immediately remove any Group Physician from furnishing Services under this Agreement who:

36.4.1 engages in conduct that, in Authority's good faith determination, jeopardizes the mental or physical health, safety or well-being of any person;

36.4.2 fails to comply with any other material terms or conditions of this Agreement after being given written notice of that failure and a reasonable opportunity to comply;

36.4.3 is disabled such that the Group Physician is unable to perform the Services as required under this Agreement for more than thirty (30) calendar days in the aggregate over any three (3) month period; or

36.4.4 within a twelve (12) month period, has two (2) or more medical malpractice claims filed against him or her, or he or she becomes the subject of two (2) or more adverse proceedings by the AHPN or Hospital Medical Staff regarding the performance of professional medical services. Upon ninety (90) day's prior written notice, Authority shall have the right to request Contractor to remove, without cause, any Group Physician from furnishing Services under this Agreement.

36.5 **Effect of Removal; Reinstatement of Group Physician.**

36.5.1 Upon the removal of a Group Physician pursuant to Section 36.3 or Section 36.4 of this Agreement, Contractor shall employ, contract with, or otherwise engage, at its cost and expense, a qualified substitute for the removed Group. Failure to take such action shall constitute a material breach of this Agreement, subject to Section 36.2. Nothing herein shall be construed to limit Authority's rights under Section 36.2 or any other provision of this Agreement.

36.5.2 A Group Physician that has been removed from furnishing Services pursuant to Section 36.3 or Section 36.4 of this Agreement may be reinstated as a Group Physician eligible to furnish Services upon the prior written approval by Authority. Authority shall have the right to withhold its approval of any Group Physician in its sole discretion and without the need for compliance with any term of this Agreement, except to the extent Authority reasonably determines that withholding of approval is reportable pursuant to the reporting requirements under applicable law.

36.6 **Termination or Modification in the Event of Government Action.**

36.6.1 If the parties receive notice of any Action, the parties shall attempt to amend this Agreement in order to comply with the Action.36.6.2 If the parties, acting in good faith, are unable to agree to the amendments necessary to comply with the Action, or, alternatively, if either party determines in good faith that compliance with the

Action is impossible or infeasible, this Agreement shall terminate ten (10) calendar days after one party notifies the other of such fact.

36.6.2 For the purposes of this Section, “Action” shall mean any legislation, regulation, rule or procedure passed, adopted or implemented by any federal, state or local government or legislative body, or any notice of a decision, finding, interpretation or action by any governmental, court or other third party.

36.7 **Effect of Termination or Expiration.** Upon any termination or expiration of this Agreement:

36.7.1 all rights and obligations of the parties shall cease except: (i) those rights and obligations that have accrued and remain unsatisfied prior to the termination or expiration of this Agreement; (ii) those rights and obligations which expressly survive termination or expiration of this Agreement; and (iii) Contractor’s obligation to continue to provide Services to patients under its care in the AHPN Clinics at the time of expiration or termination of this Agreement, until the patient’s course of treatment is completed or the patient is transferred to the care of another physician, consistent with applicable medical, ethical and legal requirements for providing continuity of care to any patient;

36.7.2 upon Authority’s request, Contractor and Group Physicians shall immediately vacate the AHPN Clinic premises, removing any and all of their personal property;

36.7.3 Contractor and Group Physicians shall immediately return to AHPN all of AHPN’s property, including AHPN Clinic’s equipment, supplies, furniture, furnishings and patient records, in their possession or under their control;

36.7.4 neither Contractor nor any Group Physician shall do anything or cause any other person to do anything that interferes with AHPN’s and Hospital’s efforts to engage any other person or entity for the provision of Services, or interfere in any way with any relationship between AHPN and any other person or entity who may be engaged to provide Services to AHPN; and

36.7.5 Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Contractor, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Contractor will be given 30 calendar days’ prior written notice in the event that Authority requires such an action.

36.7.6 All patient records, charts and files for AHPN Patients treated or examined by Group Physicians at AHPN Clinics or Hospital shall be and shall remain the property of AHPN or Hospital, as applicable.

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

36.7.8 Termination of this Agreement by Authority or KMC for any reason shall not provide Contractor or Group Physicians the right to a fair hearing or the other rights more particularly set forth in the KMC medical staff bylaws.

36.7.9 This Section 36.7 shall survive the expiration or termination of this Agreement for any reason.

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

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

[Signatures follow on next page]

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

**VALLEY NEUROSURGERY AND NEURORESTORATION CENTER,
A MEDICAL CORPORATION**

By _____
Joseph Chen, M.D.
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Scott Thygerson
Chief Executive Officer

**APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT**

By _____
Vice President & General Counsel
Kern County Hospital Authority

EXHIBIT 2.1.1

ADDITIONAL SERVICES TO BE PROVIDED BY CONTRACTOR

Contractor shall cause Group Physicians to:

- (a) provide teaching, educational or training services, as reasonably requested by AHPN;
- (b) participate in utilization review programs, as reasonably requested by AHPN;
- (c) participate in risk management, quality assurance and peer review programs, as reasonably requested by AHPN;
- (d) accept third-party insured patients and referrals of patients which are made by members of the Medical Staff, subject only to the limitations of scheduling and Group Physicians' professional qualifications;
- (e) assist AHPN in monitoring and reviewing the clinical performance of health care professionals who provide services to AHPN's patients, including reviewing incident reports and patient satisfaction studies relevant to AHPN Clinics, and assisting AHPN in implementing any necessary corrective actions to address any issues identified during the course of such review;
- (f) assist in monitoring the performance of those professionals who are not meeting AHPN quality and/or performance standards, including, without limitation, direct observation of the provision of care by such professionals;
- (g) assist AHPN management with all preparation for, and conduct of, any inspections and on-site surveys of AHPN Clinics conducted by governmental agencies, accrediting organizations, or payers contracting with AHPN;
- (h) cooperate with AHPN in all litigation matters affecting Authority or AHPN, to the extent permitted by law; and
- (i) cooperate and comply with AHPN's policies and procedures which are pertinent to patient relations, quality assurance, scheduling, billing, collections and other administrative matters and cooperate with AHPN's efforts to bill and collect fees for services rendered to AHPN's patients. All business transactions related to the Services provided by Contractor and Group Physicians, such as enrollment, verification and billings, shall be conducted by and in the name of AHPN.

EXHIBIT 2.1.2

DIRECTOR SERVICES

Medical Director or designee shall, on behalf of AHPN or Hospital, as applicable:

1. provide general administration of the day-to-day operations of the Program;
2. implement AHPN or Hospital policies and procedures regarding the Program;
3. ensure physician coverage of the Program;
4. schedule, coordinate and supervise the provision of medical and ancillary services within the Program;
5. ensure the maintenance of consistently high quality service, and advise AHPN or Hospital in the development and implementation of an appropriate quality assurance program with respect to the Program;
6. advise and assist in the organization and implementation of an effective utilization review program with respect to the Program and related services;
7. coordinate and consult with AHPN or Hospital and Medical Staff regarding the efficiency and effectiveness of the Program, and make recommendations and analyses as needed for AHPN or Hospital to improve services provided in the Program and reduce costs;
8. advise AHPN or Hospital regarding equipment, building, supplies, and other items for the proper and efficient operation of the Program;
9. develop, review, and provide training programs for Medical Staff and AHPN or Hospital personnel;
10. prepare such reports and records as may be required by this Agreement, AHPN, Hospital or the Medical Staff;
11. participate in AHPN, Hospital and Medical Staff committees upon request by AHPN or Hospital;
12. participate in continuing medical education, research and teaching activities upon request by AHPN or Hospital;
13. participate in development and presentation of programs related to the marketing of the Program's services and enhancing community relations; provided, however, that Medical Director shall not be required to participate in any advertising or commercials related to the Program's services;
14. advise and assist in the development of protocols and policies for the Program;

15. upon request by AHPN or Hospital, be available at all times to respond/consult in the event of urgent or emergency situations;
16. supervise maintenance of patient and personnel records for the Program;
17. ensure and supervise compliance by Medical Staff and employees of the Program with AHPN or Hospital and Medical Staff rules and bylaws;
18. participate in utilization review programs, as reasonably requested by AHPN or Hospital;
19. participate in risk management and quality assurance programs, as reasonably requested by AHPN or Hospital;
20. assist AHPN or Hospital in monitoring and reviewing the clinical performance of health care professionals who provide services to AHPN or Hospital's patients; including reviewing incident reports and patient satisfaction studies relevant to the Program, and assisting in implementing any necessary corrective actions to address any issues identified during the course of such review;
21. assist in monitoring the performance of those professionals who are not meeting AHPN or Hospital quality and/or performance standards, including, without limitation, direct observation of the provision of care by such professionals, and in disciplining any professionals who continue poor performance, recognizing that the AHPN or Hospital Board of Directors is ultimately responsible for maintaining the standards of care provided to patients;
22. assist AHPN or Hospital management with preparation for, and conduct of, any inspections and on-site surveys of the AHPN Clinic, Hospital or the Program, as applicable, conducted by governmental agencies, accrediting organizations, or payers contracting with AHPN or Hospital; and
23. assist AHPN or Hospital in developing, implementing and monitoring a program by which quality measures are reportable to AHPN or Hospital with respect to the Program.

EXHIBIT 3.1.11

IRS FORM W-9

EXHIBIT 3.2.2

LETTER OF AGREEMENT

[Date]

Attn: _____

Ladies and Gentlemen:

I, _____ (print name) (“Kern Medical Physician”) acknowledge that Kern Medical and Adventist Health Physicians Network (“AHPN”) have entered into a Professional Services Agreement (“AHPN PSA”) under which Kern Medical, through its employed or contracted Kern Medical Physicians, provide professional Specialty staffing to AHPN at AHPN Clinics; and (iii) that I have been engaged by Kern Medical to provide professional services under the AHPN PSA as a “Kern Medical Physician” (as defined in the AHPN PSA). As a Kern Medical Physician, I expressly:

1. hereby reassign to AHPN all claims, demands, and right for any and all Services rendered by me as a Kern Medical Physician and will take such action and execute such documents as may be (i) reasonably necessary or appropriate to effectuate the reassignment to AHPN of all my claims, demands and rights for any and all Services rendered by me as a Kern Medical Physician, and (ii) required by insurance carriers, health care service plans, governmental agencies, or other third party payers;
2. acknowledge that AHPN shall provide me with access to such claim forms with respect to Services furnished by me as a Kern Medical Physician that are submitted to insurance carriers, health care service plans, governmental agencies, or other third party payers; and
3. acknowledge that AHPN and I will be jointly and severally liable for any Medicare, Medicaid or any other Federal health care program, as defined at 42 U.S.C. Section 1320a-7b(f) (each, a “**Federal Health Care Program**”) overpayments relating to claims with respect to Services furnished by me as a Kern Medical Physician.

Sincerely,

[Name of Kern Medical Physician], [M.D.]
[D.O.]

**ACKNOWLEDGED AND
AGREED TO BY:**

ADVENTIST HEALTH PHYSICIANS NETWORK

By: Adrian Serna
Its CFO

EXHIBIT 24

INSURANCE

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

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

1. Workers' Compensation and Employers Liability Insurance:

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

2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Contractor maintains higher limits than the specified minimum limits, Authority requires and shall be entitled to coverage for the higher limits maintained by Contractor.
- (c) If Contractor has no Owned automobiles, the General Liability policy shall include Non-Owned and Hired Automobile Liability in the amount of \$1,000,000 combined single limit per accident.

- (d) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by Authority. Contractor is responsible for any deductible or self-insured retention and shall fund it upon Authority's written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving Authority.
- (e) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 below for full Additional Insured wording.
- (f) The insurance provided to Authority as an additional insured shall be primary to and non-contributory with any insurance or self-insurance program maintained by Authority.
- (g) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "f" definition of insured contract in ISO form CG 00 01, or equivalent).
- (h) The policy shall cover inter-insured suits between Authority and Contractor and include a "separation of insureds" or "severability" clause which treats each insured separately.
- (i) Required Evidence of Insurance: (i) Copy of the additional insured endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

- (a) Minimum Limits: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- (b) Insurance shall apply to all Owned autos. If Contractor currently owns no autos, Contractor agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions thereof.
- (c) Insurance shall include coverage for Non-Owned and Hired autos. (See requirements in section 1(c) above if there is no separate Automobile Liability coverage.)
- (d) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 for full Additional Insured wording.
- (e) Required Evidence of Insurance: Certificate of Insurance.

4. Professional Liability Insurance (Errors and Omissions):

- (a) Professional Liability Insurance (Errors and Omissions) appropriate to Contractor's profession.
- (b) Minimum Limits: \$1,000,000 per Occurrence or Claim; \$3,000,000 Annual Aggregate. If Contractor maintains higher limits than the specified minimum limits, Authority requires and shall be entitled to coverage for the higher limits maintained by Contractor.

- (c) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by Authority. Contractor is responsible for any deductible or self-insured retention and shall fund it upon Authority's written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving Authority.
 - (d) Required Evidence of Coverage: Certificate of Insurance.
5. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.
 6. Additional Insured Wording: "**Kern County Hospital Authority, its officers, officials, employees and volunteers**" are to be named as Additional Insureds as per each section where noted above.
 7. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:
 - (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
 - (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work*.
 - (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Contractor must purchase "extended reporting" coverage for a minimum of *five (5) years* after completion of the contract work.
 8. Documentation:
 - (a) The Certificate of Insurance must include the following reference: "**Agreement for Professional Services.**"
 - (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with Authority for the entire term of this Agreement and any additional periods if specified in sections 1, 2 or 3 above.
 - (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
 - (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
 - (e) Contractor shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
 - (f) Upon written request, certified copies of required insurance policies must be provided to Authority within 30 days.

9. Policy Obligations: Contractor's indemnity and other obligations shall not be limited by the foregoing insurance requirements.
10. Waiver of Subrogation: Contractor hereby grants to Authority a waiver of any right to subrogation, which any insurer of said Contractor may acquire against Authority by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not Authority has received a waiver of subrogation endorsement from the insurer.
11. Primary Coverage: For any claims related to this Agreement, Contractor's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects Authority, its officers, directors, officials, employees, and volunteers. Any insurance or self-insurance maintained by Authority, its officers, directors, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.
12. Material Breach: If Contractor fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. Authority, at its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, Authority may purchase the required insurance, and without further notice to Contractor, Authority may deduct from sums due to Contractor any premium costs advanced by Authority for such insurance. These remedies shall be in addition to any other remedies available to Authority.

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

December 15, 2021

Subject: Proposed Change Order No. 3 to Agreement 006-2021 with James E. Thompson, Inc., doing business as JTS Construction

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; and authorize the Chief Executive Officer to approve future change orders in an amount not to exceed 10% of \$1,694,511.

Summary:

Kern Medical requests your Board approve proposed Change Order No. 3 to the Agreement with James E. Thompson doing business as JTS Construction, Inc. ("JTS Construction") in the amount of \$33,588, to address unforeseen conditions discovered during demolition for the new Pediatrics Unit at C Wing.

On February 17, 2021, your Board approved an agreement with JTS Construction in the amount of \$1,539,536, with authorization for the Chief Executive Officer to execute future change orders in an amount not to exceed the total contract price, to provide renovation to existing patient care areas and upgrade of five (5) patient rooms and private restrooms, a nurses station, playroom, treatment room, a patient tub room and the required store rooms, as well as a new staff restroom in the South corridor and a new nurse call system and television upgrades in the North and South Wings.

Change Orders pertaining to the renovation and upgrades were required and approved by the Chief Executive Officer, as authorized by your Board on February 17, 2021, as summarized below:

On August 24, 2021, Change Order No. 1 was executed in the amount of \$87,156. This change order provided compensation for the unanticipated increase in the cost of labor and materials after the project was delayed for seven (7) months;

On October 28, 2021, Change Order No. 2 was executed in the amount of \$34,231. This change order provided compensation for unanticipated costs for new doors and tiles.

Proposed Change Order No. 3, in the amount of \$34,231, provides compensation for unanticipated costs associated with a temporary nurse call system, which is required to allow for the existing nurse call system to be demolished and a new one installed. Change Order No. 3 exceeds 10% of the total contract price, increasing the contract amount from \$1,539,536 to \$1,694,511, and requires approval by 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; authorize Chairman to sign the Changes Order; and authorize the Chief Executive Officer to approve future change orders in an amount not to exceed 10% of \$1,694,511.

CHANGE ORDER

PROJECT:

4th Floor Pediatric & Postpartum Renovation Phase II
 1700 Mt. Vernon Avenue
 Bakersfield, CA 93306

PROJECT NO.: 10075
CONTRACT NO.: 006-2021

CONTRACTOR:

JTS Construction
 P.O. Box 41765
 Bakersfield, CA 93384

CHANGE ORDER NO.: Three

DATE: December 15, 2021

DESCRIPTION OF CHANGE	ADD	DEDUCT
1. Provide all labor, material and equipment to install slide bracket for new medical vacuum system.	\$683.00	
2. Contractor shall provide a credit for hospital staff time to repair Nurse Call system at 2C.		-(S100 00)
3. Provide all labor, material and equipment to install Owner provided temporary Nurse Call system.	\$33,005.00	
CHANGE ORDER NO. 3 TOTAL (ADD)	\$33,588.00	
CHANGE ORDER NO. 2 TOTAL (ADD)	\$34,230.82	
CHANGE ORDER NO. 1 TOTAL (ADD)	\$87,156.00	
ORIGINAL CONTRACT PRICE	\$1,539,536.00	
NEW CONTRACT AMOUNT	\$1,694,510.82	
	Original Completion Date:	August 19, 2022
	Additional Working Days:	5
	Revised Completion Date:	August 25, 2022

REASON FOR CHANGE

1. The originally specified medical vacuum finish plates included the slide bracket. The lead time for delivery on this item was 6 months. To keep the project moving forward we changed manufacturers. The slide bracket is purchased separately with this manufacturer.
2. The framer nicked the Nurse Call lines serving the second floor C Wing area. Our EVS staff was pulled from his normal work to assist the contractor. This is a back charge for our staff time.
3. In order to install the new Nurse Call system in the occupied patient rooms, we must install an OSHPD approved temporary system so patient care is not interrupted.

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:

JTS Construction

BY: _____

Lee Hawkins

APPROVED AS TO CONTENT:

BY: _____

Scott Thygerson, Chief Executive Officer

APPROVED AS TO FORM:

Legal Services Department

BY: _____

Jamie Mason
Hospital Counsel

BY: _____

Derek Holdsworth, President
KSA Group Architects

KERN COUNTY HOSPITAL AUTHORITY

BY: _____

Russell Bigler, Chariman, Board of Governors
"KCHA"



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

December 15, 2021

Subject: Proposed Sourcewell (formally known as NJPA) State & Local FMV Lease agreement with Pitney Bowes Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical is requesting your Board approve the proposed Sourcewell (formally known as NJPA) State & Local FMV Lease agreement with Pitney Bowes Inc. to provide for the renewal of the current lease of postage mail equipment and services. The mail postage equipment is needed to support the out-going mail services for all business and clinical mail communication at the main campus and offsite clinic locations.

The maximum cost per year of the proposed lease is \$10,569 plus taxes and fees with a total maximum cost for the five (5) year term at \$52,845 plus taxes and fees. The term will begin upon signature of the agreement.

The Facility will also be receiving new equipment upon the signature of the renewal lease.

The Agreement contains non-standard terms and conditions and cannot be approved as to form by Counsel due to the inability to cancel the agreement for any reason and all payment obligations are unconditional regardless of the operability or accessibility of the equipment/services; the signor of the Lease is also a guarantor of the lease; no warranty of use; limitation of liability to the cost of the Lease; waiver of jury trial; and the terms and conditions are governed by State of Delaware.

The postage service system is limited in vendors and due to these non-standard terms and conditions, Materials Management staff worked diligently to find another vendor that maintained a comparable product that would work within our current system and our budget, but was unsuccessful. Therefore, it is recommended that your Board approve the proposed Sourcewell (formally known as NJPA) State & Local FMV Lease agreement with Pitney Bowes Inc. for the lease of postage mail equipment and services for a five (5) year term, beginning on December 15, 2021 through December 16, 2026, with a cost of \$52,845 plus taxes and fees, and authorize the Chairman to sign.

1	ME1D	Meter Equipment - P Series, HV
1	MP4X	Differential Weighing for 70 lb scale
1	MSD2	15in Color Touch Display
1	MSPS	SendPro P Series Power Stacker
1	MT70	Platform Scale 70 LB / 35 KG
1	PTJ1	SendPro Online
1	PTJN	Single User Access
1	PTJR	50 User Access with Hardware or Meter
1	PTK1	Web Browser Integration
1	PTK3	SendPro P Series Meter Integration
1	SJM3	SoftGuard for SendPro P3000
1	STDLSLA	Standard SLA-Equipment Service Agreement (for SendPro P Series)
1	T6CS	Receiving - Standard

Your Payment Plan

Initial Term: 60 months	Initial Payment Amount:	
Number of Months	Monthly Amount	Billed Quarterly at*
60	\$ 880.73	\$ 2,642.19

*Does not include any applicable sales, use, or property taxes which will be billed separately.

- Tax Exempt Certificate Attached
- Tax Exempt Certificate Not Required
- Purchase Power[®] transaction fees included
- Purchase Power[®] transaction fees extra

Your Signature Below

Non-Appropriations. You warrant that you have funds available to make all payments until the end of your current fiscal period, and shall use your best efforts to obtain funds to make all payments in each subsequent fiscal period through the end of your lease term. If your appropriation request to your legislative body, or funding authority ("Governing Body") for funds to make the payments is denied, you may terminate this lease on the last day of the fiscal period for which funds have been appropriated, upon (i) submission of documentation reasonably satisfactory to us evidencing the Governing Body's denial of an appropriation sufficient to continue this lease for the next succeeding fiscal period, and (ii) satisfaction of all charges and obligations under this lease incurred through the end of the fiscal period for which funds have been appropriated, including the return of the equipment at your expense.

By signing below, you agree to be bound by all the terms and conditions of this Agreement, including the NJPA Contract Number 041917-PIT, effective date May 17, 2017 and the State and Local Fair Market Value Lease Terms (including the Pitney Bowes Terms) (Version 2/20) which is available at <http://www.pb.com/states/njpa> and is incorporated by reference (the "Agreement"). You acknowledge that, except for non-appropriation, you may not cancel this lease for any reason and that all payment obligations are unconditional. This lease will be binding on us after we have completed our credit and documentation approval process and have signed below. This lease requires you to either provide proof of insurance or participate in the ValueMAX® requirement protection program (see Section 6 of the State and Local Fair Market Value Lease Terms) for an additional fee. If software is included in the Order, additional terms apply which are available by clicking on the hyperlink for that software located at <http://www.pitneybowes.com/us/license-terms-of-use/software-and-subscription-terms-and-conditions.html>. Those additional terms are incorporated by reference.

Not Applicable

State/Entity's Contract#

Lessee Signature

Russell Bigler

Print Name

Chairman, Board of Governors

Title December 15, 2021

Date

contracts@kernmedical.com

Email Address

Pitney Bowes Signature

Print Name

Title

Date

Sales Information

Marcia Shelansky

marcia.shelansky@pb.com

Account Rep Name

Email Address

PBGFS Acceptance

REVIEWED ONLY
NOT APPROVED AS TO FORM

By 
Legal Services Department

STATE AND LOCAL FAIR MARKET VALUE LEASE TERMS

Thank you for choosing Pitney Bowes products and services. These Terms, our privacy statement (the "Privacy Statement") and the executed order (the "**Order**") make up your agreement with Pitney Bowes (this "Agreement"). The Privacy Statement explains how we use your information. Please read this Agreement carefully.

Let's start with a few definitions that should help you better understand your agreement. "**PBI**" means Pitney Bowes Inc. "**Pitney Bowes**" means PBI and its subsidiaries. "**We**", "**our**" or "**us**" refers to the Pitney Bowes companies with whom you've entered into the Order. "**You**" or "**your**" refers to the entity identified on the Order. "**Meter**" means any postage meter supplied by PBI under the Order, including (i) in the case of a Connect+®, a SendPro® P series or a SendPro C series mailing system, the postal security device that accounts for and enables postage to be purchased and printed ("PSD"), and (ii) in the case of all other mailing systems, the PSD, the user interface or keyboard and display and the print engine. "Meter Services" means: access to the PSD to download, account for, and enable printing of postage within a PBI Postage Evidencing System as defined in Title 39, Part 501 of the Code of Federal Regulations ("CFR"); USPS mandated processes associated with the PSD, including registration, usage reporting and withdrawal; repair or replacement of the PSD as described in Section 27; and the Soft-Guard Program outlined in Section 29. "**Equipment**" means the equipment listed on the Order, excluding any Meter or standalone software. "**Lease**" means Lease terms and conditions set out in Sections 1 through 9.

The provisions included in these Terms consist of: (i) Lease Terms; (ii) General Terms; (iii) a Service Level Agreement ("SLA"); (iv) Equipment Rental and Meter Services Terms; (v) an Acknowledgement of Deposit required by the United States Postal Service in any transaction involving a Meter; (vi) Purchase Power® Terms for a limited purpose credit line that may be available to you; and (vii) provisions relating to specific products.

LEASE TERMS

1. Lease of Equipment; Provider of Leasing Services

If you are leasing Equipment, these Lease terms apply. PBI is the manufacturer of the Equipment. Pitney Bowes Global Financial Services LLC, a wholly-owned subsidiary of PBI, or one of its subsidiaries ("PBGFS"), provides you with the leasing services. The term of this Lease is the number of months stated on the Order (the "**Lease Term**") and begins on the date the Equipment is shipped if we don't install the Equipment, and the date of installation if we install the Equipment. **You may not cancel this Lease for any reason and all payment obligations under this Lease are unconditional.** You understand that we own the Equipment. PBI owns any Meter as USPS regulations require. Except as stated in Section 3, you don't have the right to become the owner of the Equipment at the end of the Lease Term.

2. Payment Terms

We will invoice you quarterly in arrears for all payments on the Order, unless the Order says otherwise (each such payment is a "**Periodic Payment**"). You will make each Periodic Payment by the due date shown on our invoice. Your Periodic Payment may include a one-time origination fee, amounts carried over from a previous lease, software license and maintenance fees and other charges. Any Meter Services fees, SLA fees and subscription fees (collectively "**PBI Payments**") will be included with your Periodic Payment and begin with the start of the Lease Term. After the Lease Term, your Periodic Payment will increase if your PBI Payments increase.

3. End of Lease Options

During the 90 days before your Lease ends, you may, unless you are in default: (i) enter into a new lease or an amended lease with us; (ii) purchase the Equipment "as is, where is" for its fair market value; or (iii) return the Equipment and Meter in their original condition, reasonable wear and tear excepted, and pay us our then applicable processing fee (including any equipment return fee). If you return the Equipment and Meter, you will, as specified by us, either properly pack and return them to us in the return box and with the shipping label provided by us or furnish them to a service carrier specified by us to pick up and ship them to us. If you don't do one of the things listed in clause (i), (ii) or (iii) above, you will be deemed to have agreed to enter into successive month to month extensions of the term of this Lease. You may

choose to cancel the automatic extensions at any time by giving us 30 days' written notice by creating a case at pitneybowes.com/us/contact-us.html (follow the instructions under "how to create a case"). Upon cancellation, you agree to either return all items as provided in this Section 3 or purchase the Equipment.

4. WARRANTY AND LIMITATION OF LIABILITY

PBI PROVIDES YOU WITH THE LIMITED WARRANTIES IN SECTION 10. PBGFS MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR FREEDOM FROM INTERFERENCE OR INFRINGEMENT, AND PBGFS ISN'T LIABLE FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES) OR EXPENSE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT.

5. Equipment Obligations

You will keep the Equipment free from liens and in good condition and working order. We may inspect the Equipment and related maintenance records. You may not move the Equipment from the location specified on the Order without our prior written consent.

6. Risk of Loss and ValueMAX®Program

(a) You bear the entire risk of loss, theft, damage or destruction to the Equipment from the date of shipment by us until the Equipment is returned to, and received by, us, regardless of cause, ordinary wear and tear excepted ("Loss"). No Loss will relieve you of any of your obligations under this Lease. You must immediately notify us in writing of any Loss. To protect the Equipment from loss, you will either: (i) keep the Equipment insured against Loss for its full replacement value under a comprehensive policy of insurance or other arrangement that is reasonably satisfactory to us ("**Insurance**"); or (ii) be enrolled in PBGFS' ValueMAX program described in paragraph (b) below.

(b) **YOU MUST CALL US AT 1-800-732-7222 OR GO TO www.pitneybowes.com/us/valuemaxoptout AND PROVIDE US WITH EVIDENCE OF INSURANCE IF YOU DO NOT WISH TO BE ENROLLED IN THE VALUEMAX PROGRAM.** If you don't provide evidence of Insurance and haven't previously enrolled in our equipment replacement program (ValueMAX), we may include the Equipment in the ValueMAX program and charge you a fee, which we will include as an additional charge on your invoice. We will provide written notice reminding you of your Insurance obligations described in paragraph (a) above. If the Equipment is included in the ValueMAX program and any Loss occurs (other than from your gross negligence or willful misconduct, which is not covered by ValueMAX), we will (unless you are in default) repair or replace the Equipment. We aren't liable to you if we terminate the ValueMAX program. By providing the ValueMAX program, we aren't offering or selling you insurance; accordingly, regulatory agencies haven't reviewed this Lease, this program or its associated fees, nor are they overseeing our financial condition.

1. Other Lease Terms

(a) If more than one lessee is named in this Lease, liability is joint and several. You, and any guarantor signing the Order or any documents executed in connection with this Lease, agree to furnish us financial information upon request. Each of these persons authorizes us to obtain credit reports on them now and in the future.

(b) You may not assign or sublet the Equipment, the Meter or this Agreement without our prior written consent. Any assignment without our consent is void. We may sell or assign all or part of this Lease or the Equipment but it will not affect your rights or obligations.

(c) We will provide you with a welcome letter by email.

8. NON-APPROPRIATION

You warrant that you have funds available to pay all payments until the end of your current fiscal period, and shall use your best efforts to obtain funds to pay all payments in each subsequent fiscal period through the end of your Lease Term. If your appropriation request to your legislative body, or funding authority ("Governing Body") for funds to pay the payments is denied, you may terminate this Lease on the last day of the fiscal period for which funds have been appropriated, upon (i) submission of documentation reasonably satisfactory to us evidencing the Governing Body's denial of an appropriation sufficient to continue this Lease for the next succeeding fiscal period, and (ii) satisfaction of all charges and obligations under this Lease incurred through the end of the fiscal period for which funds have been appropriated, including the return of the Equipment at your expense.

9. EARLY TERMINATION

You further warrant that you intend to enter into this Lease for the entire Lease Term and you acknowledge that we have relied upon such represented intention when determining the applicable pricing plan. If you cancel or terminate this Lease prior to expiration of the Lease Term (other than for non-appropriations), you shall pay a termination charge equal to the net present value of the monthly payments remaining through the completion of the term, discounted to present value at a rate of 6% per year. The foregoing paragraph shall supersede Section 12(a)(ii) of these Terms.

GENERAL TERMS

10. Warranties

We warrant that all PBI-branded equipment ("**PBI Equipment**") will be free from defects in material and workmanship and will perform according to the operator guides for a period of ninety days from the date (i) the PBI Equipment is installed at your location when PBI installs the PBI Equipment for you or (ii) the PBI Equipment is delivered to you when you can install it yourself. The DI2000™ inserting system has its own unique warranty that you can see at pitneybowes.com/us/di2000-terms.html.

- (a) A defect doesn't include the failure of rates within a rate update to conform to published rates.
- (b) We warrant that any service ("**Service**") we perform under the SLA set out in Sections 19 through 24 will be performed in a professional and workmanlike manner.
- (c) **YOUR SOLE REMEDY FOR A WARRANTY CLAIM IS TO HAVE US REPAIR OR REPLACE THE PBI EQUIPMENT OR, IN THE CASE OF DEFECTIVE SERVICE, REPERFORM THE SERVICE.**
- (d) There is no warranty for PBI Equipment that needs to be repaired or replaced because of any Excluded Circumstance. "**Excluded Circumstance**" is a circumstance outside of PBI's control, including an accident, your negligent or reckless use of the equipment, use of the equipment which exceeds our recommendations or in a way not authorized by this Agreement or any operator guide, use of the equipment in an environment with unsuitable humidity, line voltage, damage in transit, software virus, loss of data, loss or fluctuation of power, fire, flood or other natural causes, and other external forces beyond our control, servicing of the equipment by someone other than us, failure to use required software updates, use of the equipment with any system where we have told you that we will no longer provide support or that we have advised you is no longer compatible, or use of third party supplies (such as ink), hardware or software that results in (i) damage to equipment (including damage to printheads), (ii) poor indicia, text or image print quality, (iii) indicia readability failures or (iv) a failure to print indicia, text or images.
- (e) The print engine(s), print engine components, structural components and printed circuit board assemblies supplied with or within the PBI Equipment may be reclaimed, reconditioned or remanufactured. These items are warranted to perform according to the same standards as the equivalent new item.
- (f) The warranty doesn't cover ink, integrated printhead/ink cartridges, ink rollers, toner and drum cartridges, ribbons and similar items ("**Consumable Supplies**").

(g) EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, WE (ON BEHALF OF OURSELF AND OUR SUPPLIERS) MAKE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AS TO THE EQUIPMENT OR SERVICES. WE MAKE NO REPRESENTATION OR WARRANTY AS TO ANY THIRD PARTY EQUIPMENT. WE AGREE TO PASS THROUGH TO YOU ALL THIRD PARTY EQUIPMENT WARRANTIES TO THE EXTENT PERMITTED.

11. Limitation of Liability

OUR TOTAL LIABILITY (INCLUDING ANY LIABILITY OF OUR SUPPLIERS) IS LIMITED TO THE FEES PAID BY YOU FOR THE APPLICABLE EQUIPMENT OR SERVICES. NEITHER WE NOR OUR SUPPLIERS IS LIABLE FOR ANY: (I) DAMAGE YOU MAY INCUR BY REASON OF YOUR MISUSE OR NEGLIGENT USE OF THE EQUIPMENT OR YOUR NEGLIGENT ACTS OR OMISSIONS OR (II) INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OF ANY NATURE WHATSOEVER, INCLUDING COMMERCIAL LOSS, OR LOST PROFITS, DATA OR GOODWILL, FOR ANY MATTER RELATING TO THIS AGREEMENT.

12. Default and Remedies

- (a) If you don't make any payment within three days after the due date shown on our invoice, you reach any other obligation under this Agreement or under any other agreement with Pitney Bowes and such breach continues for thirty days after we give you notice or you become insolvent or file for bankruptcy, you will be in default and we may:
- (i) cancel this Agreement and any other agreements Pitney Bowes has with you;
 - (ii) require you to pay to us immediately all amounts payable under the Lease or other agreements, whether then due or payable in the future;
 - (iii) disable the Meter;
 - (iv) require you to return the Equipment and Meter, and delete or remove software; and deny you access to software;
 - (v) if you don't return the Equipment, require you to immediately pay to us an amount equal to the value of the Equipment, as determined by us;
 - (vi) charge you a late charge for each month that your payment is late;
 - (vii) charge you a check return fee for payments made by you with insufficient funds; and
 - (viii) pursue any other remedy, including repossessing the Equipment and Meter without notice to you. To the extent permitted by law, you waive any notice of our repossession or disposition of the Equipment or Meter. By repossessing the Equipment or Meter, we aren't waiving our right to collect the balance due.
- (b) You agree to pay all our costs, including attorneys' fees, incurred in enforcing our rights.
- (c) We may suspend any services during any period that your account is more than thirty days past due.

13. Taxes

You agree to pay us for all applicable sales, use, property, purchase or other taxes (excluding taxes on net income) related to the Lease or Equipment rental agreement or Meter Services agreement based on or measured by your payments, the Equipment, Equipment location, Meter and Meter location. We will determine the amount of all property and similar taxes to be charged to you based on our reasonable valuation of the Equipment or of the Meter, taking into consideration tax rates and depreciation. If any of these taxes are applicable, you agree to pay a tax administrative charge set by us without reference to the tax charged or services performed; such fee and charge won't exceed a total of \$35 per year for each Lease schedule or Equipment rental agreement or Meter Services agreement.

14. Embedded Software; Applications

- a) Our Equipment may contain embedded software. For embedded software, you agree that: (i) we and our licensors own the copyrights and other intellectual property to it; (ii) you are licensed only to use it with our Equipment in which it resides; (iii) you won't copy, modify, de-compile, or

- attempt to unbundle, reverse engineer or create derivative works of it; and (iv) you won't distribute or disclose it (or any portion) to anyone. The embedded software may contain third party software which is subject to any terms accompanying it. Technical support for embedded software will be given according to the SLA covering the Equipment with the embedded software.
- b) Certain products and services may provide you an opportunity to access applications provided by us or a third party. Each application you access will have its own terms and conditions applicable to your use of that application located within it, and by using the application you agree to those terms and conditions.

14. Internet Access Point

The internet connectivity for the Equipment or Meter may use an internet access point provided by us. You may only use this access point for connectivity between the Equipment or Meter and the internet and for no other purpose. You agree to pay all costs resulting from the use of the access point in violation of this restriction.

15. Security Interest

You grant us a purchase money security interest in the Equipment, any replacements, and any proceeds from the sale of the Equipment, to secure payment of any balance due. We have the right to recover the Equipment if you haven't paid for it. We may file a copy of this Agreement as a financing statement with the State authorities. If you are leasing Equipment, you authorize us to file a Uniform Commercial Code financing statement naming you as debtor/lessee with respect to the Equipment in order to protect our interest in the Equipment.

17. Analog Connectivity

IF YOU USE AN ANALOG CONNECTION FOR YOUR MAILING SYSTEM, YOU ACKNOWLEDGE THAT THE ANALOG CONNECTIVITY IS PROVIDED BY A THIRD PARTY SUPPLIER. NEITHER WE NOR OUR SUPPLIERS PROVIDE ANY WARRANTY WITH RESPECT TO THE FUNCTIONALITY OR QUALITY OF THE ANALOG CONNECTION. IF THE THIRD PARTY SUPPLIER NO LONGER PROVIDES ANALOG CONNECTION CAPABILITY, WE WON'T BE RESPONSIBLE FOR PROCURING AN ALTERNATIVE SUPPLIER AND YOU WILL HAVE TO USE A DIGITAL CONNECTION.

18. Miscellaneous

- (a) We will use your information in accordance with our Privacy Statement.
- (b) You agree to use the Equipment and Meter only for business or commercial purposes, and not for personal, family, or household purposes.
- (c) We aren't responsible for any delay or failure to perform resulting from causes outside of our control.
- (d) You may not assign this Agreement without our prior written consent. Any assignment without our consent is void.
- (e) Payments aren't subject to setoff or reduction.
- (f) **ANY LEGAL ACTION YOU FILE AGAINST US MUST BE STARTED WITHIN ONE YEAR AFTER THE EVENT GIVING RISE TO YOUR CLAIM. YOU WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION RELATED TO THIS AGREEMENT.**
- (g) We can only change this Agreement if we both agree to do so in writing. You may use a purchase order to offer to obtain equipment or services but none of its provisions will modify or supersede

these provisions unless we expressly agree in writing. If any provision in this Agreement is found to be invalid or unenforceable, the remaining provisions won't be affected.

- (h) Our respective rights and obligations under Sections 11 (Limitation of Liability), 12 (Default and Remedies) and 13 (Taxes) will survive termination of this Agreement.
- (i) We may deliver any notice and other communication to you under this Agreement by email to the email address that we have on file for you. You agree to the delivery of these notices and other communications by email. We may call you at any number you give to us.
- (j) This Agreement is governed by the laws of the State of Delaware.
- (k) You agree that we can use your name in a client list and identify you as a client when communicating with prospective clients, in each case along with our product or service that you are using. You agree that we can use your name and logo in marketing content, including in an advertising campaign, with your prior consent.
- (l) You agree to comply with all applicable export control laws and regulations.

SERVICE LEVEL AGREEMENT

19. Applicability of SLA

This SLA section applies to you if we have entered into an agreement to provide service for any Equipment we lease, rent or sell on the Order, excluding Equipment with charges based on volume of use ("**Usage-based Equipment**") and any DI2000™ (the covered equipment is called "**Covered Equipment**").

20. Service Level Options

- (a) (i) If you sign up for **Standard SLA** on the Order, PBI will provide at its option either repair or replacement services for the Covered Equipment during the Initial Service Term or any Renewal Service Term (each term as defined in Section 21) (the "**Service Term**"). You are also entitled to: (x) replacement printheads for Covered Equipment without additional charge, except for printheads which need to be replaced as a result of any Excluded Circumstance, and except for integrated printhead/ink cartridges; and (y) two preventative maintenance service calls per calendar year. PBI will notify you when preventative maintenance is due or you can request preventative maintenance service. If your Covered Equipment needs repair, PBI may provide repair by remote access, diagnostics and service and/or by on-site repair service. Repair service is provided only for damage resulting from normal wear and tear. Repair service may include the use of new, reconditioned, or remanufactured parts and assemblies. PBI will provide parts or assemblies for discontinued equipment (or equipment not marketed as new) only if available. If PBI deems it necessary, PBI will dispatch a service technician to arrive at your location for on-site service. You won't incur hourly charges unless service is performed outside Normal Working Hours, which will be done only with your consent. "**Normal Working Hours**" means 8 a.m. – 5 p.m., Monday – Friday, excluding PBI-observed U.S. holidays, in the time zone where the Equipment or other items are located.
- (ii) If PBI determines that replacement of Covered Equipment is necessary, PBI will, at no additional cost to you, promptly ship new, reconditioned, or remanufactured equipment of the same or a functionally equivalent model to replace the affected Covered Equipment. Unless PBI instructs you otherwise, within five days of receiving the replacement equipment, you must pack the Covered Equipment to be replaced in the shipping carton that contained the replacement equipment, place the pre-paid return address label on the carton, and return it to PBI. You are responsible for the Covered Equipment until PBI receives it.

- (b) If you are eligible to receive **Performance SLA** under our policies and you sign up for Performance SLA on the Order, you will be entitled to receive: (i) all coverage provided under Standard SLA; (ii) one two-hour application consultation for your mailing and shipping needs; and (iii) admission for one person to a PBI mail management seminar. If PBI determines that on-site service is necessary, PBI will use commercially reasonable efforts to have a service technician on-site (during Normal Working Hours only) within 4 hours or 8 hours, as specified on the Order, after PBI has determined that it can't resolve the issue remotely (the "**Response Time Commitment**"). The Response Time Commitment relates solely to the arrival of a technician at your location. It isn't a guaranteed resolution of the problem within the Response Time Commitment period, and it doesn't guarantee that all parts necessary to make a repair will be on-site within this time frame. The Response Time Commitment does not apply to Service designated as service by replacement, relocation services, software maintenance, preventative maintenance, operator training, or other services not essential to repair the Covered Equipment. If the Covered Equipment is moved from its original location, PBI may, at its option, remove the Response Time Commitment. If this happens, you will receive Standard SLA and we will adjust the SLA charges payable by you appropriately. If we don't meet the Response Time Commitment, we will provide you with a credit equal to the difference between the cost of Standard SLA and Performance SLA for three months. In order to receive this credit, you must use a credit request form which you can obtain from your service technician or by calling the Customer Care Center. The credits are limited to credits for four failures to meet the Response Time Commitment in any twelve-month period during the Service Term. **These remedies are your sole remedy for PBI's failure to meet the Response Time Commitment.**

21. Service Term

PBI will provide you with Service for twelve months, if you don't have a Lease, or for the Lease Term, if you are leasing Equipment (the "**Initial Service Term**"). **SERVICE AUTOMATICALLY RENEWS FOR CONSECUTIVE ONE YEAR TERMS (EACH A "RENEWAL SERVICE TERM") UNLESS YOU TERMINATE YOUR SERVICE AS PROVIDED BELOW OR THE LEASE EXPIRES OR IS TERMINATED OR THE RENEWAL IS PROHIBITED BY LAW.** If you don't wish to renew Service, you must deliver a written notice (the "**Termination Notice**") at least sixty days prior to the renewal of the term to us at 2225 American Drive, Neenah, WI 54956 or you may notify us by creating a case at pitneybowes.com/us/contact-us.html (follow the instructions under "how to create a case"). Your Termination Notice must include your customer account number or CAN and lease number (if applicable). PBI reserves the right not to renew your SLA for any reason.

22. SLA Fees

You will pay the SLA fees for the Initial Service Term and any Renewal Service Term(s). We may increase the SLA fees after the Initial Service Term, and any increases will be reflected on your invoice. If you receive service for repairs caused by any Excluded Circumstance, PBI will charge you for the service at PBI's current hourly rates and for any required parts. If you exceed the cycle volume of your Equipment specified on the Order, PBI may bill you for the additional cycles over the specified cycle volume (the additional cycles are called the "Overage"). The charge will be determined by reference to the rate in effect at the time that we determine that an Overage exists.

23. Service Changes

PBI may modify its Service by giving written notice to you (a "**Service Change Notice**"), which will state whether the change is material. After receiving a Service Change Notice, if the change is material, you may terminate Service by giving us a termination notice at the address indicated in Section 21 or you may create a case at pitneybowes.com/us/contact-us.html (follow the instructions under "how to create a case").

24. Additional Service Terms

You can't elect to have Service apply to some but not all of the items of Equipment. Service doesn't include services and repairs that are made necessary due to any Excluded Circumstance. Service excludes the supply of postal and carrier rate changes and Consumable Supplies. If you replace any of your Covered Equipment during the Service Term, and the replacement Equipment qualifies for Services, PBI will automatically enroll you for maintenance coverage on the new Equipment at PBI's then current annual rates. If you acquire an attachment, or add a unit, to your Covered Equipment, PBI will provide coverage for each attachment or unit which we determine qualifies for coverage under the SLA and adjust your rate accordingly. If you choose not to continue coverage on the replacement Equipment, attachment or unit, you may cancel Service for the item within thirty days of the date of your initial invoice for the item from PBI. If you cancel, any further maintenance or repair services on the Equipment, attachment or unit will be subject to PBI's current rates. Standard SLA will apply to rented Equipment at no additional charge.

EQUIPMENT RENTAL AND METER SERVICES TERMS

25. Equipment Rental and Meter Services

This Equipment Rental and Meter Services Section applies to you whenever you rent Equipment and whenever you obtain Meter Services from us.

- (a) If you aren't leasing the Equipment and paying for it in your lease payment to PBGFS, we will invoice you the Equipment rental ("rental") and Meter Services fees listed on the Order. After the period listed on the Order (the "**Initial Term**"), we may increase the rental and/or Meter Services fees upon at least 30 days' prior written notice. When you receive notice of an increase, you may terminate your rental or Meter Services only as of the date the increase becomes effective.
- (b) At the end of the Initial Term, the rental term and Meter Services term will automatically renew for successive 12-month extensions. If you don't wish to renew the rental term or Meter Services term, you must deliver a written notice to us at least 60 days prior to the renewal of the rental term or Meter Services term, as applicable, to the address in Section 21 or create a case at pitneybowes.com/us/contact-us.html (follow the instructions under "how to create a case"). Upon expiration of the term of the rental or Meter Services, you agree to return Equipment and Meters covered by the rental and Meter Services agreement in their original condition, reasonable wear and tear excepted.

20. Postage

You may transfer funds to The Pitney Bowes Bank, Inc. (the "Bank") for deposit into your Postage By Phone® Reserve Account that you maintain with the Bank (your "**Reserve Account**") or you may transfer funds to the United States Postal Service (the "**USPS**") through a lockbox bank (a "**Lockbox Bank**"). See the "USPS Acknowledgment of Deposit" below for more information. Until the end of the Initial Term, we may charge you a fee of up to \$15.00 for refilling your postage. After the Initial Term, we may increase postage refill fees upon 30 days prior written notice. If you participate in any PBI, PBGFS, or Bank postage advance programs (such as Purchase Power), we will advance payment on your behalf to the USPS, subject to repayment by you under the terms of the postage advance program and billed separately from your Meter Services fees.

21. Meter Repair or Replacement; Meter Care and Risk of Loss

If the Meter malfunctions or fails due to reasons other than an Excluded Circumstance, we will repair or replace the Meter. You agree to take proper care of the Meter(s), as stated in this Agreement and any user documentation. You assume all risk of loss or damage to the Meter(s) while you have possession.

22. Terms of Use of Meter; Federal Regulations

You may use the Meter solely for the purpose of processing your mail, provided that you are authorized by the USPS to use the Meter, and that you comply with (i) this Agreement, (ii) any operator guide and (iii) all USPS regulations. You agree to use only attachments or printing devices authorized by us. You must receive our written consent before moving the Equipment or Meter to a different location. Federal regulations require that we own the Meter. Tampering with or misusing the Meter is a violation of federal

law. Activities of the USPS, including the payment of refunds for postage by the USPS to clients, will be made in accordance with the current Domestic Mail Manual. If the Meter is used in any unlawful scheme, or isn't used for any consecutive 12 month period, or if you take the Meter or allow the Meter to be taken outside the United States without proper written permission of USPS Headquarters, or if you otherwise fail to abide by the postal regulations and this Agreement regarding care and use of the Meter, then this Agreement and any related Meter Services agreement may be revoked. You acknowledge that any use of a Meter that fraudulently deprives the USPS of revenue can cause you to be subject to civil and criminal penalties applicable to fraud and/or false claims against the United States. The submission of a false or fraudulent statement can result in imprisonment of up to 5 years and fines of up to \$10,000 (18 U.S.C. 1001) and a civil penalty of up to \$5,000 plus an assessment of twice the amount falsely claimed (3 U.S.C. 3802). The mailing of matter bearing a fraudulent postage meter imprint is an example of a violation of these statutes. You are responsible for immediately reporting (within 72 hours or less) the theft or loss of the Meter to us. Failure to comply with this notification provision in a timely manner may result in the denial of refund of any funds remaining on the Meter at the time of loss or theft. You understand that the rules and regulations regarding the use of this Meter as documented in the Domestic Mail Manual may be updated from time to time by the USPS and it is your obligation to comply with any rules and regulations regarding its use.

23. Rate Updates and Soft-Guard® Program

Your Meter or Equipment may require periodic rate updates that you will obtain under our Soft-Guard program. We will provide rate updates only if required due to a postal or carrier change in rate, service, ZIP Code™ or zone change. The Soft-Guard program doesn't cover any change in rates due to custom rate changes, new classes of carrier service, or a change in ZIP Code or zone due to equipment relocation. We won't be responsible for any losses arising out of or resulting from the failure of rating or software downloads to conform to published rates.

24. Collection of Information

You authorize us to access and download information from your Meter or from your PC Postage account. We may disclose this information to the USPS or other authorized governmental entity. We won't share with any third parties (except the USPS or other governmental entity) individually identifiable information that we obtain about you in this manner unless required to by law or court order. We may elect to share aggregate data about our clients' postage usage with third parties.

25. Value Based Services

Value based services are services the USPS provides, including e-Return Receipt and USPS Confirmation Services. Any fees the USPS charges for these services are your responsibility to pay for and are payable the same way that you pay for postage. The USPS is solely responsible for its services. We are not responsible for any malfunctions of any part of the communication link connecting the Meter with the USPS data system. We have the right to terminate the value based services if the USPS discontinues offering the service or you breach your obligations under this Agreement and fail to cure the breach within thirty days after you have been notified in writing.

USPS ACKNOWLEDGEMENT OF DEPOSIT

26. Acknowledgement of Deposit

This section of this Agreement provides you with the sections that the USPS requires we include in any agreement where we are providing Meter Services. The USPS requires that we use specific language. The "acknowledgement of deposit" terms are as follows:

- (a) In connection with your use of a Postage Evidencing System, you may transfer funds to the USPS through a Lockbox Bank for the purpose of prepayment of postage on Postage Evidencing Systems, generating evidence of postage (a "Deposit"), or you may transfer funds to the Bank for deposit into your Reserve Account.

- (b) To the extent you deposit funds in advance of the use of any evidence of postage, you may make Deposits in the Lockbox Bank account identified as "United States Postal Service CMRS-PB" or make deposits in your Reserve Account, in either case through electronic means, including Automated Clearinghouse Transfers. The USPS may, at its discretion, designate itself or a successor as recipient of Deposits made by you to the Lockbox Bank account described above.
- (c) Any deposit made by you in your Reserve Account is subject to the Postage By Phone® Reserve Account – Agreement and Disclosure Statement governing your Reserve Account.
- (d) Any Deposit made by you in the Lockbox Bank account shall be credited by the USPS only for the payment of evidence of postage. Such Deposits may be commingled with Deposits of other clients. You shall not receive or be entitled to any interest or other income earned on such Deposits.
- (e) The USPS will provide a refund to you for the remaining account balances of Deposits held by the USPS. These refunds are provided in accordance with the rules and regulations governing deposit of funds for evidence of postage, published in the CFR.
- (f) The Lockbox Bank, which shall collect funds on behalf of the USPS, shall provide PBI, on each business day, information as to the amount of each Deposit made to the USPS by you, so that PBI can update its records.
- (g) PBI may deposit funds on your behalf. The USPS will make no advances of funds to you. Any relationship concerning advances of funds is between you and PBI, PBGFS and/or the Bank.
- (h) You acknowledge that the terms of this Acknowledgement may be changed, modified, or revoked by the USPS, with appropriate notice.
- (i) Postal Regulations governing the deposit of funds are published in the CFR or its successor. You acknowledge that you shall be subject to all applicable rules, regulations, and orders of the USPS, including future changes to such rules, regulations, and orders, and such additional terms and conditions as may be determined in accordance with applicable law. The USPS rules, regulations, and orders shall prevail in the event of any conflict with any other terms and conditions applicable to any Deposit.

PURCHASE POWER TERMS

20. Purchase Power Program

- (a) The Purchase Power credit line is a product of the Bank and is not available to individuals for personal, family, or household purposes. In order to participate in the Purchase Power program (the "**Program**"), you must provide the information described in paragraph (h) below. You will receive a set of more specific provisions for the Program within thirty days of the date of this Agreement.
- (b) Your Purchase Power account (the "**Account**") will be charged for the amount of postage, products, and services requested and the related fees, if applicable. Unless prohibited by law, you agree to pay the fees and charges of which the Bank has given you notice, including those relating to: (i) applicable transaction or overage fees; (ii) your failure to pay in a timely manner; (iii) your exceeding your credit line; and (iv) fees attributable to the return of any checks.
- (c) You will receive a billing statement for each billing cycle in which you have activity in the Account. The Bank may deliver any statement electronically to the email address that is on file for you. Payments are due by the due date shown on your billing statement. You may pay the entire balance due or a portion of the balance, provided that you pay at least the minimum payment shown on the statement. In the event of a partial payment, you will be responsible for the unpaid balance.

(d) (i) By using the Program, you agree that whenever there is an unpaid balance outstanding on the Account which is not paid in full by the due date shown on your billing statement, the Bank will charge you, and you will pay, interest on the unpaid balance of the Account from time to time, for each day from the date the transaction is posted to the Account until the date the unpaid balance is paid in full, at a variable rate equal to the Annual Percentage Rate applicable to the Account from time to time. (ii) The Annual Percentage Rate applicable to the Account will be: the greater of (x) 22% and (y) the sum of the highest "Prime Rate" published in the "Money Rates" section of *The Wall Street Journal* on the last business day of the month and the margin set forth below (the sum of the margin and the Prime Rate is herein called the "Floating Rate"). The Annual Percentage Rate will be adjusted on a monthly basis based on any fluctuation in the Floating Rate, if applicable. Any change in the Annual Percentage Rate based on the calculation described in this section will become effective on the first day of your next billing cycle. (iii) The margin which will be added to the Prime Rate to determine the Floating Rate will be 14.75% (using the Prime Rate in effect as of December 31, 2019, the daily periodic rate would be .05342% and the corresponding annual percentage rate would be 19.50%). (iv) The Account balance that is subject to a finance charge each day will include (x) outstanding balances, minus any payments and credits received by the Bank on the Account that day, and (y) unpaid interest, fees, and other charges on the Account. (v) The Bank will charge a minimum finance charge of \$1.00 in any billing cycle if the finance charge as calculated above is less than \$1.00. (vi) Each payment that you make will be applied to reduce the outstanding balance of the Account and replenish your available credit line. (vii) The Bank may refuse to extend further credit if the amount of a requested charge plus your existing balance exceeds your credit limit.

(e) The Bank may at any time close or suspend the Account, and may refuse to allow further charges to the Account. Cancellation or suspension will not affect your obligation to pay any amounts you owe.

(f) The Bank can amend any of the provisions and terms related to the Program at any time by written notice to you (including by electronic notice via the email address that is then on file for you). You are consenting to electronic delivery of any amendments to the Program terms. Each time you use the Program, you are signifying your acceptance of the terms then in effect. An amendment becomes effective on the date stated in the notice and will apply to any outstanding balance on the Account. The Bank may terminate the Program at any time and will notify you in the event of any termination. Any outstanding obligation will survive termination of the Program.

(g) The Program and any advances are governed by and construed in accordance with the laws of the State of Utah and applicable federal law.

(h) USA PATRIOT Act - To help the government fight the funding of terrorism and money laundering activities, Federal law requires financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, in order to activate the Account the Bank asks that you agree to provide identifying information, including your address and taxpayer identification number. The Bank may also ask for additional identifying information, where appropriate, including asking that your representative who is opening the Account provide his/her name, address, date of birth, driver's license and/or other documents and information that will allow the Bank to identify him/her. You agree to provide all such requested identifying information.

PRODUCT SPECIFIC TERMS

20. Software

If you are acquiring an on-premise software license or on-demand subscription services, additional terms apply which are available by clicking on the hyperlink for that software or subscription service located at www.pitneybowes.com/us/license-terms-of-use/software-and-subscription-terms-and-conditions.html. Those additional terms are incorporated by reference.

21. DI2000 Inserting System Terms

Certain provisions which apply when you purchase, lease or rent a DI2000 inserting system and when you purchase a service plan for it are set forth at pitneybowes.com/us/di2000-terms.html and are incorporated by reference. Those provisions govern to the extent that they are inconsistent with the other terms of this Agreement.

22. PBBackup and PC-Backup Service Terms

Certain provisions which apply when you utilize the PBBackup or PC-Backup services are set forth at pitneybowes.com/us/pbbackup-service-and-pcbackup-service-terms.html and are incorporated by reference.

37. AddressRight® Printers

Certain provisions which apply when you purchase, lease or rent an AddressRight Printer are set forth at www.pitneybowes.com/us/addressrightprinter-terms.html and are incorporated by reference. Those provisions govern to the extent that they are inconsistent with the other terms of this Agreement.



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

December 15, 2021

Subject: Proposed Certificate of Acceptance and Acknowledgement of Assignment with Presidio Technology Capital, LLC for the acceptance of leased equipment and the assignment of payments

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the Certificate of Acceptance and Acknowledgement of Assignment requested by Presidio Technology Capital, LLC issued pursuant to the recently renewed Rubrik lease of equipment (Agreement 060-2021) approved at the October Board meeting. The leased equipment and new software licenses have been received by Kern Medical. The proposed Certificate of Acceptance and Acknowledgement of Assignment need to approved to acknowledge the delivery of the leased equipment and that the payments outlined in the previously approved agreement have been assigned to a third party, Banc of America Leasing & Capital, LLC. Signing the proposed Certificate of Acceptance and Acknowledgement of Assignment is required to officially start the new lease agreement.

Therefore, it is recommended that your Board approve the signing of the Certificate of Acceptance and Acknowledgment of Assignment with Presidio Technology Capital, LLC to acknowledge the receipt of leased equipment received pursuant to the lease agreement dated October 20, 2021 and the assignment of payments for the lease of delivered equipment to Banc of America Leasing and Capital, LLC, and authorize the Chairman to sign.

Certificate of Acceptance and Acknowledgement of Assignment

Schedule No.: 680908
Master Lease Dated: 07/24/2018
Monthly Payment: \$44,067.00
Rental Period: 36 Months
First Rental Due Date: 11/01/2021
Acceptance Date: 11/01/2021

Assignee: Banc of America Leasing & Capital, LLC
Address: 135 S LaSalle St,
10th Floor
Chicago, IL 60603

1. Lessee acknowledges and agrees, with respect to the referenced Master Lease Schedule (the "Schedule") between Kern County Hospital Authority ("Lessee") and Presidio Technology Capital, LLC ("Lessor"), that:
 - A. The Schedule, as it incorporates the terms of the Master Lease, constitutes the entire agreement regarding the equipment listed on the Schedule (the "Equipment").
 - B. All of the Equipment has been delivered to and received by Lessee; it has been installed at the designated Installation Site; and the Equipment is in all respects satisfactory to Lessee and has been accepted by Lessee.
 - C. As of the Acceptance Date specified above, the Schedule is in full force and effect and Lessor is not in default.
 - D. The Acceptance Date and Rental Period of the Schedule and the monthly Payment are correctly stated above.
 - E. Lessee has not prepaid any of the monthly Payments except as indicated on the Schedule.
2. Lessee is hereby notified that Lessor has assigned to the Assignee identified above Lessor's right, title and interest in and to certain Payments to become due during the Rental Period and transition term (if applicable) under the Schedule. This assignment does not include ownership of the leased Equipment or the rights of Lessor with respect to any end-of-term options or obligations under the Schedule. The Assignee cannot transfer to Lessee any interest in the Equipment, and any quotes provided to Lessee by the Assignee for remaining amounts due under the Schedule relate only to the assigned Payments. With respect to this assignment, Lessee acknowledges and agrees that:
 - A. Lessee will pay, without deduction or set-off, all Payments (plus any applicable taxes) to become due during the Rental Period and transition term (if applicable) of the Schedule. Payments assigned to Assignee for the Rental Period and transition term (if applicable) of the Schedule shall be owed by Lessee to Assignee without deduction or set-off.
 - B. The Assignee has not assumed any of Lessor's obligations under the Schedule, and Lessee will look to Lessor, not the Assignee, for the performance of such obligations and not assert against the Assignee any defense, set-off, recoupment, claim or counterclaim Lessee have against Lessor.
 - C. Lessee acknowledges notice of the collateral assignment of the Schedule to Assignee and further acknowledges and agrees that (a) Lessee will deliver copies of all notices and other communications given or made by Lessee to Assignee at the address specified above, and (b) Lessee will execute such other instruments and take such actions as Assignee reasonably may require to further confirm the vesting of rights under the Schedule in Assignee.
 - D. Lessee has not received notice of a prior sale, transfer, assignment, hypothecation or pledge of the Schedule, the rents reserved thereunder or the Equipment.
 - E. All representations and duties of Lessor intended to induce Lessee to enter into the Schedule, whether required by the Schedule or otherwise, have been fulfilled.
 - F. Lessee's full and accurate legal name is as first provided above. The address noted below the signature of Lessee is Lessee's chief executive Office.
 - G. USA PATRIOT ACT COMPLIANCE NOTIFICATION. Along with all other U.S. Financial institutions, Assignee began complying with Section 326 of the USA Patriot Act effective October 1, 2003. Designed to assist the government in preventing the funding of terrorist and money laundering activities, this section of the Act requires Assignee to know the business entities that are new to Assignee. To accomplish this Assignee will obtain, verify and record information that identifies business entities that open new accounts with it. What this means to Lessee: when Lessee opens an account with Assignee, Assignee will ask for Lessee's business name, physical address, taxpayer identification number and other information that will allow Assignee to verify Lessee's identity. The information requested may include documents, such as Articles of Incorporation or a Partnership Agreement which will verify the identifying information that Lessee is giving to Assignee.

Kern County Hospital Authority

By _____

 Authorized Signature <Sign Here>

Address : 1700 Mt. Vernon Ave.
Bakersfield, CA 93306-4018

Russell Bigler, Chairman Board of Governors
Name (Type or Print) Title

Jurisdiction of Organization : CA
Organization No. : C3157027

December 15, 2021
Date



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

December 15, 2021

Subject: Proposed retroactive Amendment No. 5 to Agreement 1048-2010 for Professional Services with Total Renal Care, Inc., a subsidiary of DaVita, Inc.

Recommended Action: Approve; Authorize Chief Executive Officer to sign

Summary:

Kern Medical requests that your Board retroactively approve Amendment No. 5, dated November 30, 2021, to the Agreement with Total Renal Care, Inc., which provides acute dialysis services to Kern Medical patients. The Amendment extends the term of the Agreement from November 30, 2021 through January 29, 2022 to allow additional time for Kern Medical and Total Renal Care to negotiate the terms of a new agreement.

Although Kern Medical had initiated negotiations for a new agreement with Total Renal Care in December, 2020, and well in advance of the November 30, 2021 expiration date, Total Renal Care has had multiple changes in leadership, both local and corporate, and was not able to complete the new agreement in a timely manner. In order to prevent delay of dialysis services to Kern Medical patients, Amendment No. 5 was executed.

Therefore, it is recommended that your Board retroactively approve Amendment No. 5 to the Agreement with Total Renal Care, Inc., extending the term from November 30, 2021 through January 29, 2022, and authorize the Chief Executive Officer to sign.



NOVEMBER 30, 2021

55721

VIA OVERNIGHT COURIER

Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, CA 93306
Attn: Russel Judd, CEO

RE: Agreement For Professional Services Independent Contractor, dated November 30, 2010, (the "Agreement"), by and between Kern County Hospital Authority ("KCHA") and Total Renal Care, Inc. ("Contractor").

Dear Mr. Judd:

As you know the current Agreement expires on November 30, 2021. In order to allow the parties the time necessary to finalize and execute a new agreement as well as preserve continuity of patient care, Contractor proposes extending the current Agreement through January 29, 2022. All other terms and conditions of the Agreement will remain in full force and effect except as otherwise amended in this Letter Agreement.

Please sign in the space below acknowledging Hospital's agreement to the terms hereof. Please send the signed document back to me as soon as possible and retain a copy of the fully executed letter for the Hospital's records.

Please feel free to contact me at (877) 233-3439 with any questions or concerns.

Sincerely,

DocuSigned by:

tim souza

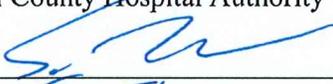
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Tim Souza

Division Vice President

APPROVED & AGREED

Kern County Hospital Authority

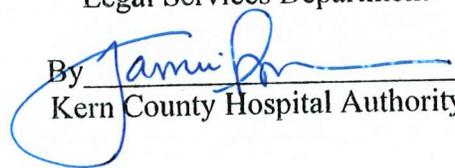
By:  as CEO designee

Name: Scott Thygesen

Title: President, Hospital & Clinic Operations

Date: 11/30/2021

APPROVED AS TO FORM
Legal Services Department

By: 
Kern County Hospital Authority



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

December 15, 2021

Subject: Kern County Hospital Authority Financial Report – October 2021

Recommended Action: Receive and File

Summary:

Kern Medical Operations:

Kern Medical key performance indicators:

- Average Daily Census of 184 for October is 46 more than the October budget of 138 and 24 more than the 160 average over the last three months
- Admissions of 1,027 for October are 178 more than the October budget of 849 and 43 more than the 984 average over the last three months
- Total Surgeries of 480 for October are 52 less than the October budget of 532 and 2 more than the 478 average over the last three months
- Clinic Visits of 18,456 for October are 3,024 more than the October budget of 15,432 and 1,686 more than the 17,770 average over the last three months. The large budget variances are mainly due to 3,371 COVID-19 vaccinations provided during October

The following items have budget variances for the month of October 2021:

Patient Revenue:

Gross patient revenue has a favorable budget variance for October and on a year-to-date basis mainly because of strong average daily census levels due to the pandemic. In addition, there has been an overall increase in revenue cycle efficiency due to the implementation of the Cerner electronic health record. Year-to-date gross patient revenue has increased 14% compared to prior year.

Indigent Funding Revenue:

Indigent funding has an unfavorable budget variance for the month and year-to-date due to a conservative approach to recognizing indigent funding revenue. During each month of fiscal year 2022 Kern Medical will only recognize 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 will recognize 100% of total projected revenue for the Medi-Cal waiver programs including the Global Payment Program (GPP), the Whole Person Care Program (WPC), the Enhanced Payment Program (EPP), and the Quality Incentive Program (QIP).

Other Operating Revenue:

Other operating revenue has a favorable budget variance for October and year-to-date due to the receipt of funds from the County of Kern for the operation of COVID-19 testing facilities and COVID-19 mobile vaccination units. This revenue is offset by Kern Medical's costs to provide these services for the County of Kern.

Other Non-Operating Revenue:

Other non-operating revenue has an unfavorable budget variance for the month and year-to-date because federal and state COVID-19 related funding is budgeted evenly throughout FY 2022 as other non-operating revenue; however, this COVID-19 funding is not received consistently on a monthly basis. Therefore, the actual dollar amount recorded for this line item may fluctuate vs. budget on a monthly basis but should align with budget on a year-to-date basis by year-end.

Salaries Expense:

Salaries are under budget for the month of October primarily because of lower than average costs for the month for physicians, clerical and administrative staff, and aides and attendants. On a year-to-date basis, salaries are under budget due to lower than average expenses for technicians and specialists, physicians, non-physician medical practitioners, and clerical and administrative staff.

Benefits Expense:

Benefits expense has a favorable budget variance for the month and year-to-date due to lower than average paid time off, unemployment insurance, group health insurance, and retirement and pension obligations.

Nurse Registry Expense:

Nurse registry expense is over budget for the month and on a year-to-date basis because of higher than average registry usage in the hospital. The increase is primarily due to the pandemic. However, the current high census levels at Kern Medical consist of many other patients besides those with COVID-19, increasing the need for contract nurse services.

Medical Fees:

For the month of October, Kern Medical operated at the budgeted dollar amount for medical fees. On a year-to-date basis medical fees are under budget because of over accruals in prior months for several physicians that either no longer provide services for Kern Medical, or have provided relatively less services during the past few months.

Other Professional Fees:

For the month of October, Kern Medical operated at budget for other professional fees. On a year-to-date basis, other professional fees are over budget in part because of an implementation fee charged by the Acute Care Surgery Group. In addition, legal expenses have been higher than average this year.

Supplies Expense:

Supplies expense continues to be over budget for the month and on a year-to-date basis due to ongoing operations of the outpatient pharmacy. In addition, there are monthly radiology imaging software expenses that were part of an IT construction-in-progress project in prior year. These software costs were not budgeted for as supplies expenses in FY 2022 causing the unfavorable budget variance.

Purchased Services:

For the month of October, Kern Medical operated at budget for purchased services expenses. On a year-to-date basis, purchased services are over budget due in part to under accruals in prior months for HFRI Collection Agency services and for Health Advocates Financial Counseling services. In addition, the COVID-19 mobile clinic expenses are reported on this line item. The mobile clinic expenses are offset by reimbursement received from the County of Kern and reported as other operating revenue.

Other Expenses:

Other expenses are over budget for the month in part because of the cost of additional hospital beds rented from Hill-Rom to accommodate high patient census levels. In addition, there was an increase in IPFS insurance premiums. On a year-to-date basis, other expenses are over budget because of higher than average repairs and maintenance expenses, an air conditioning and heating unit rental from Hertz Equipment Rental Company (HERC) for the MRI, and because of higher than average utility costs.

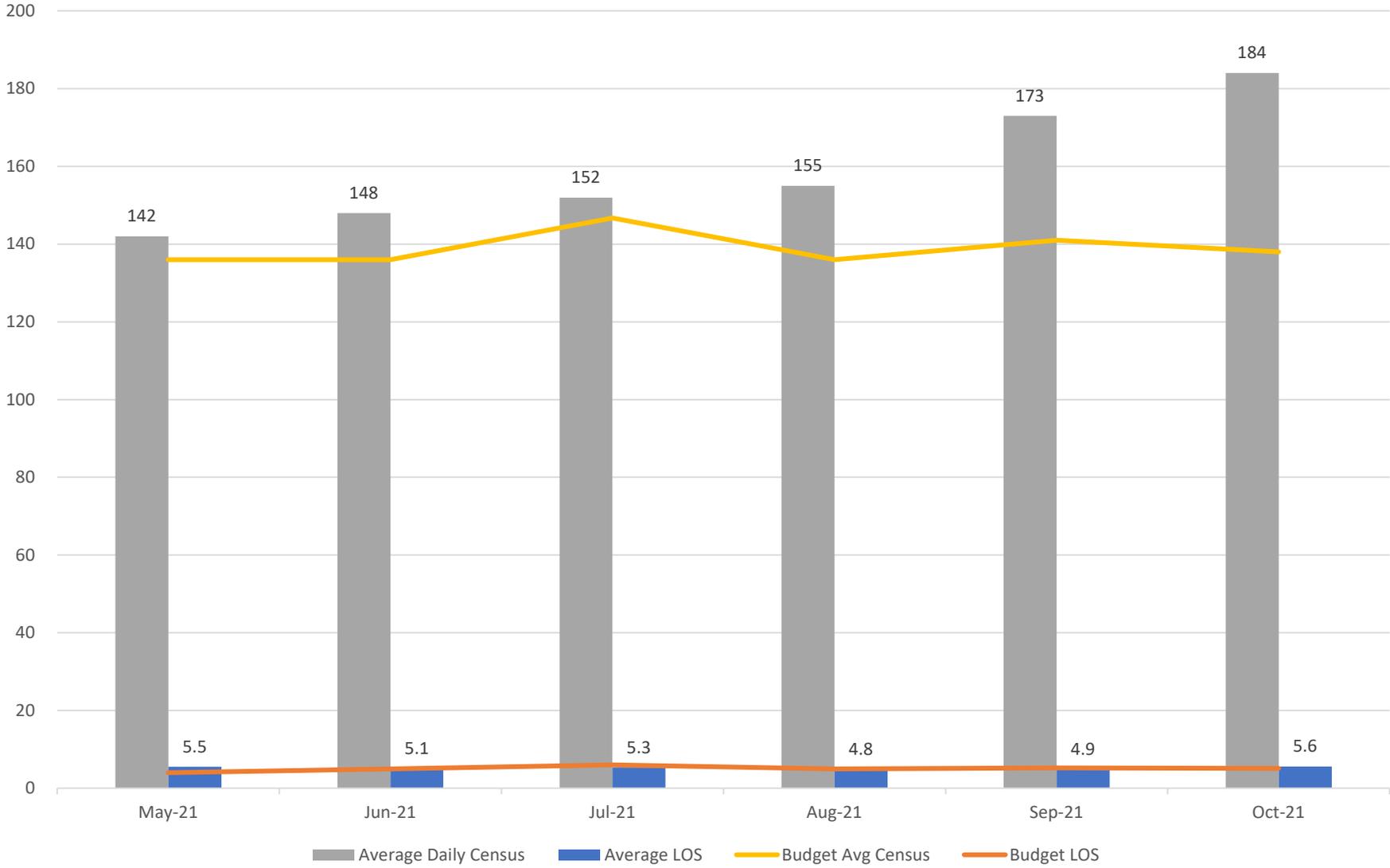
Depreciation and Amortization Expense:

Depreciation expense is over budget for the month and year-to-date because of construction-in-progress (CIP) projects that were put into service and have now started depreciating each month.

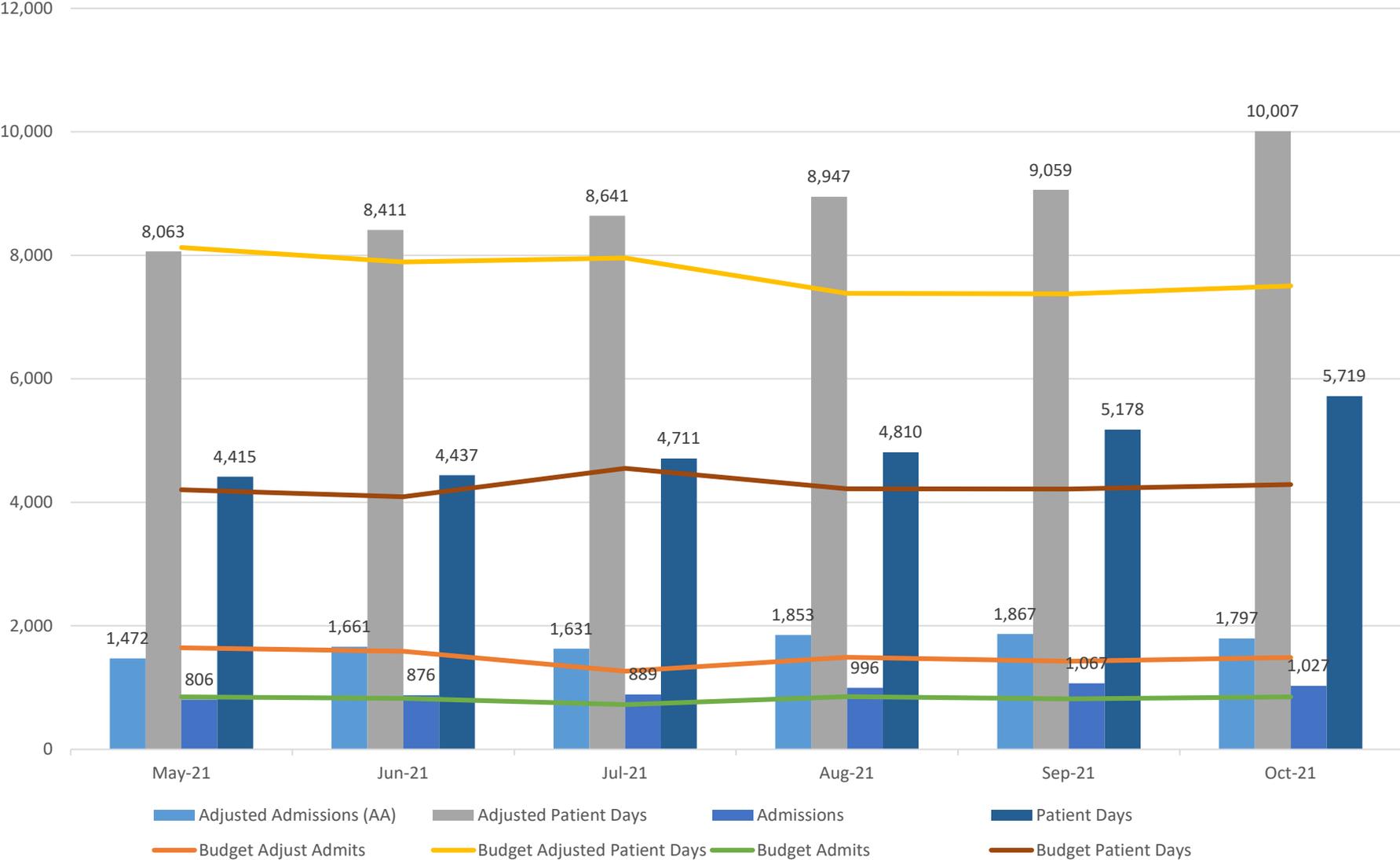


**BOARD OF GOVERNORS' REPORT
KERN MEDICAL – OCTOBER 2021**

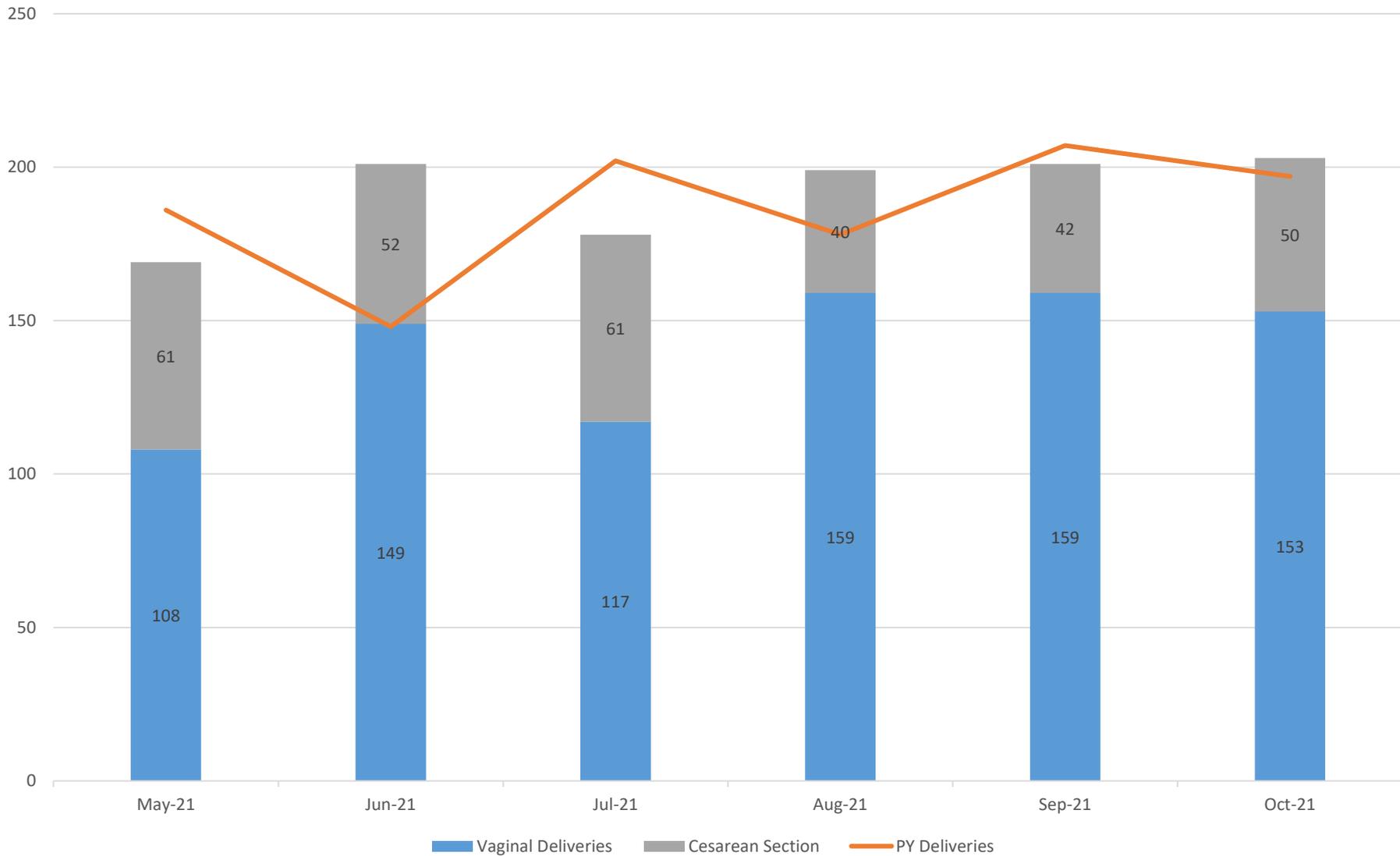
Census & ALOS



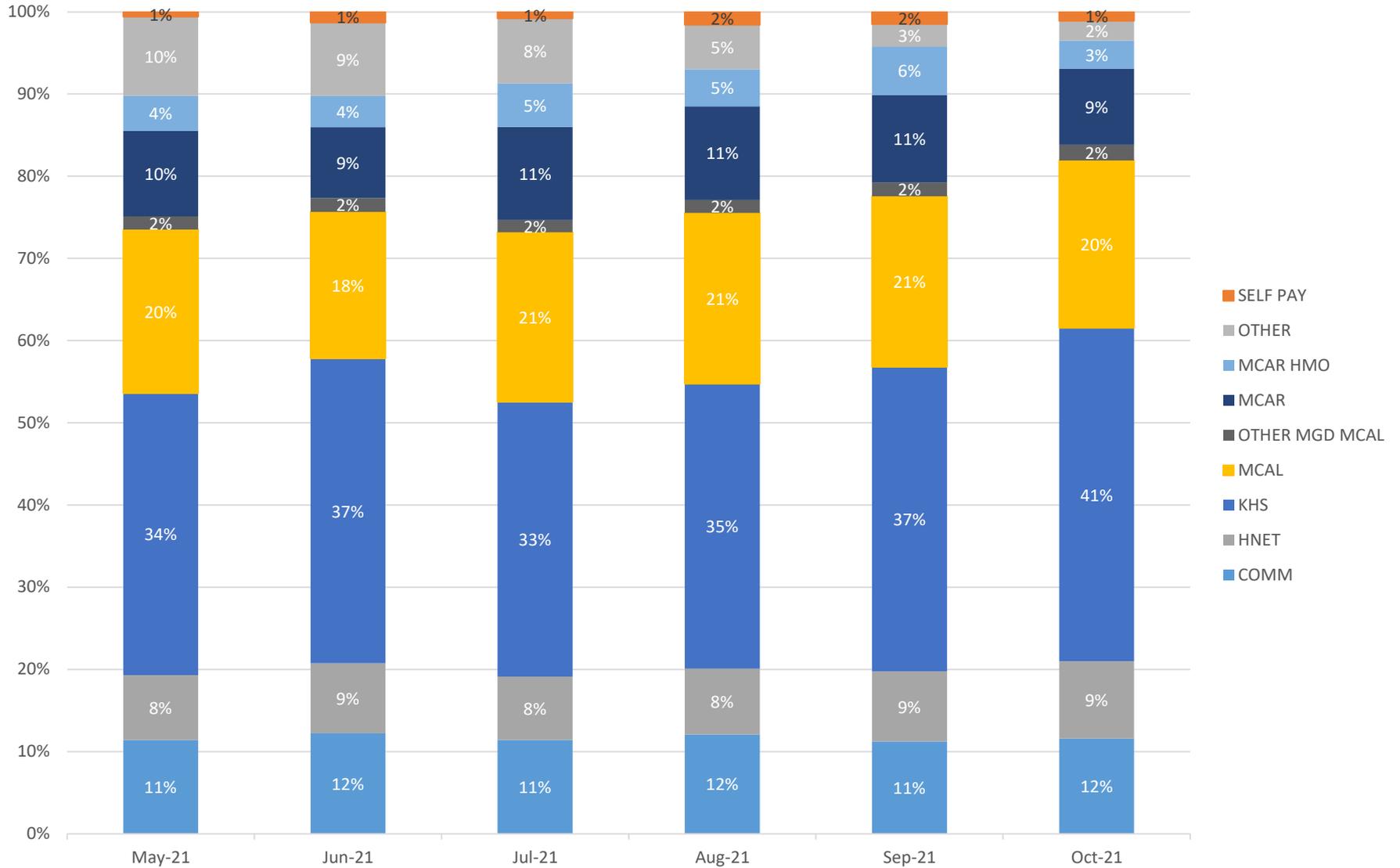
Hospital Volumes



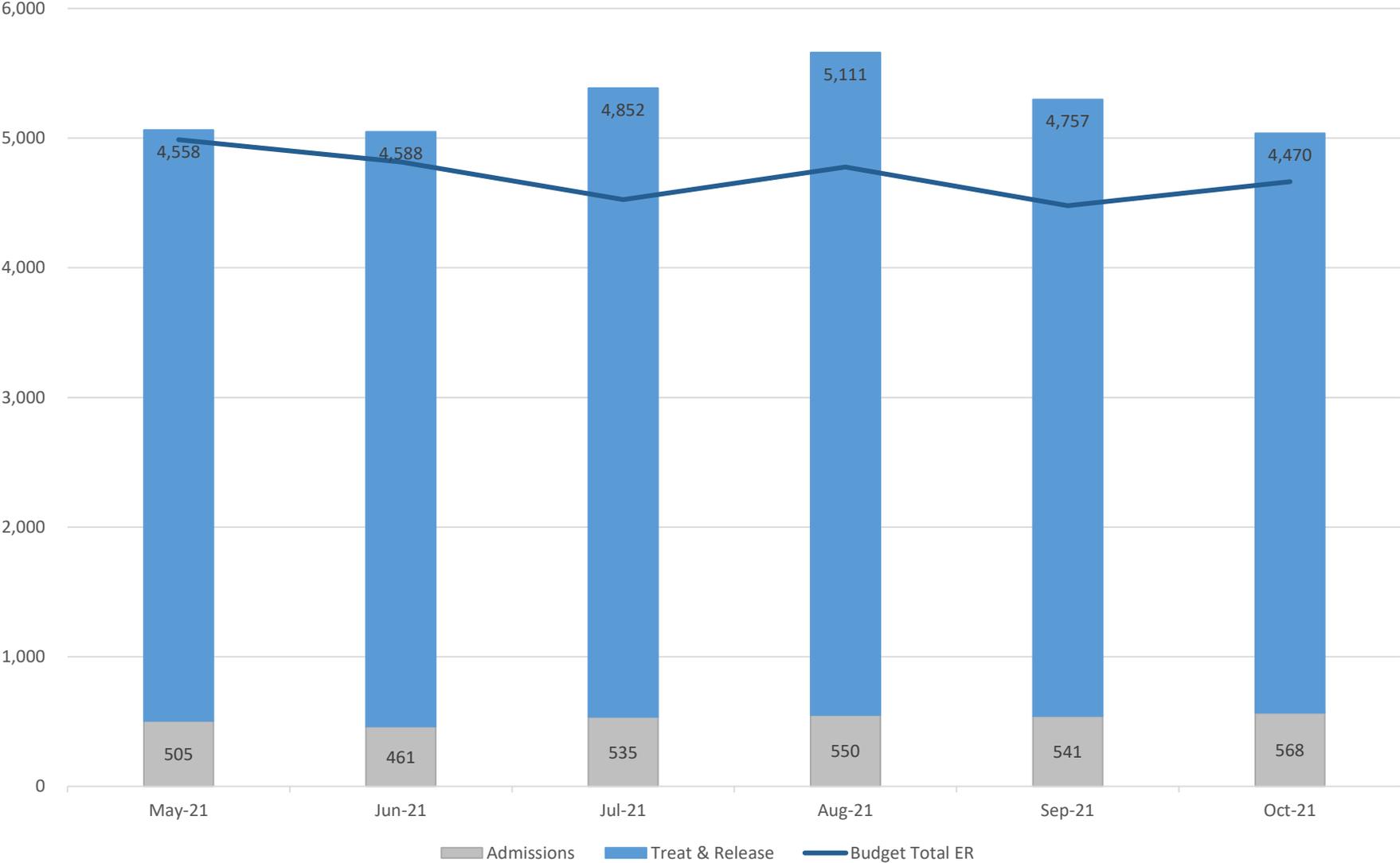
Deliveries



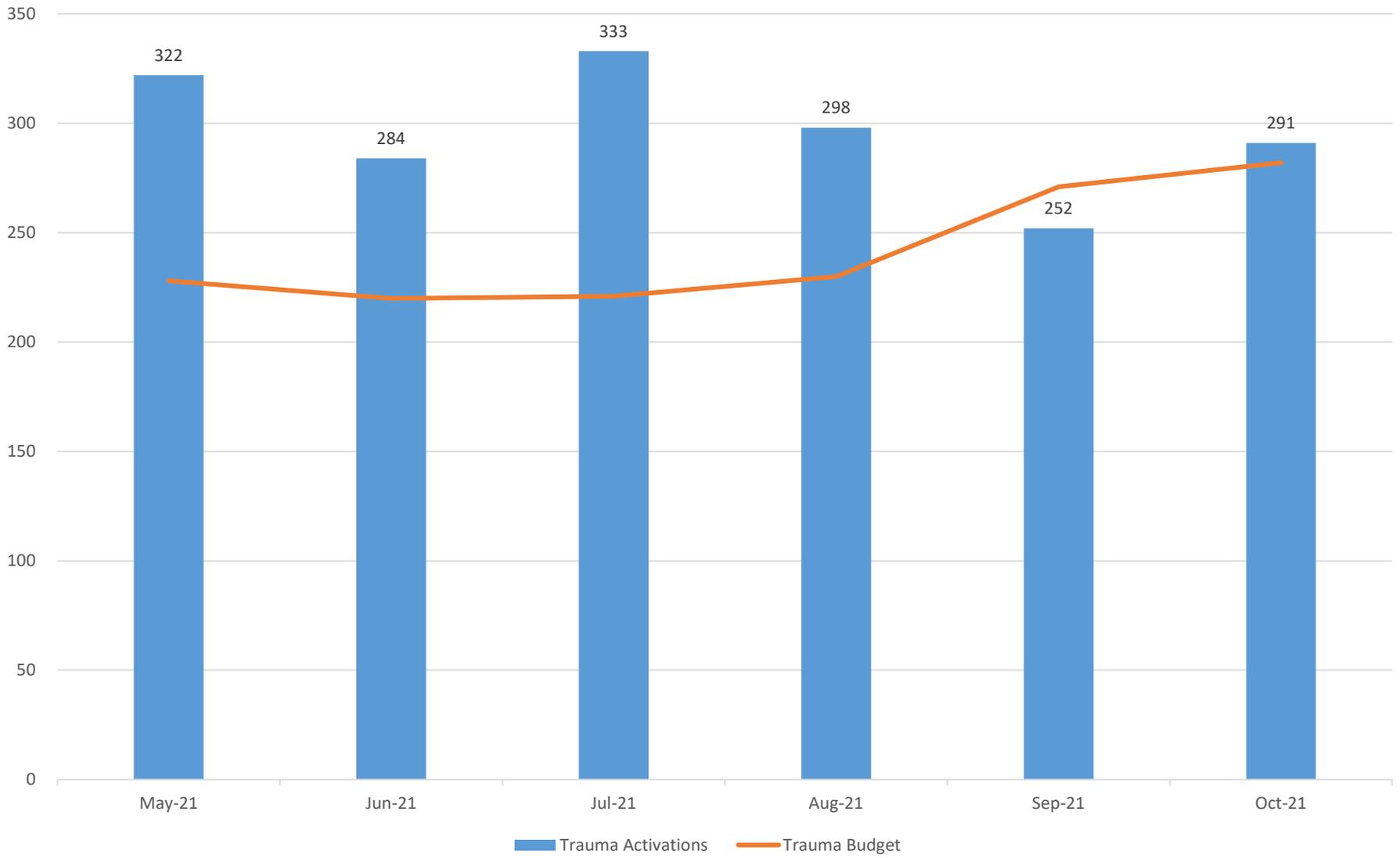
PAYER MIX



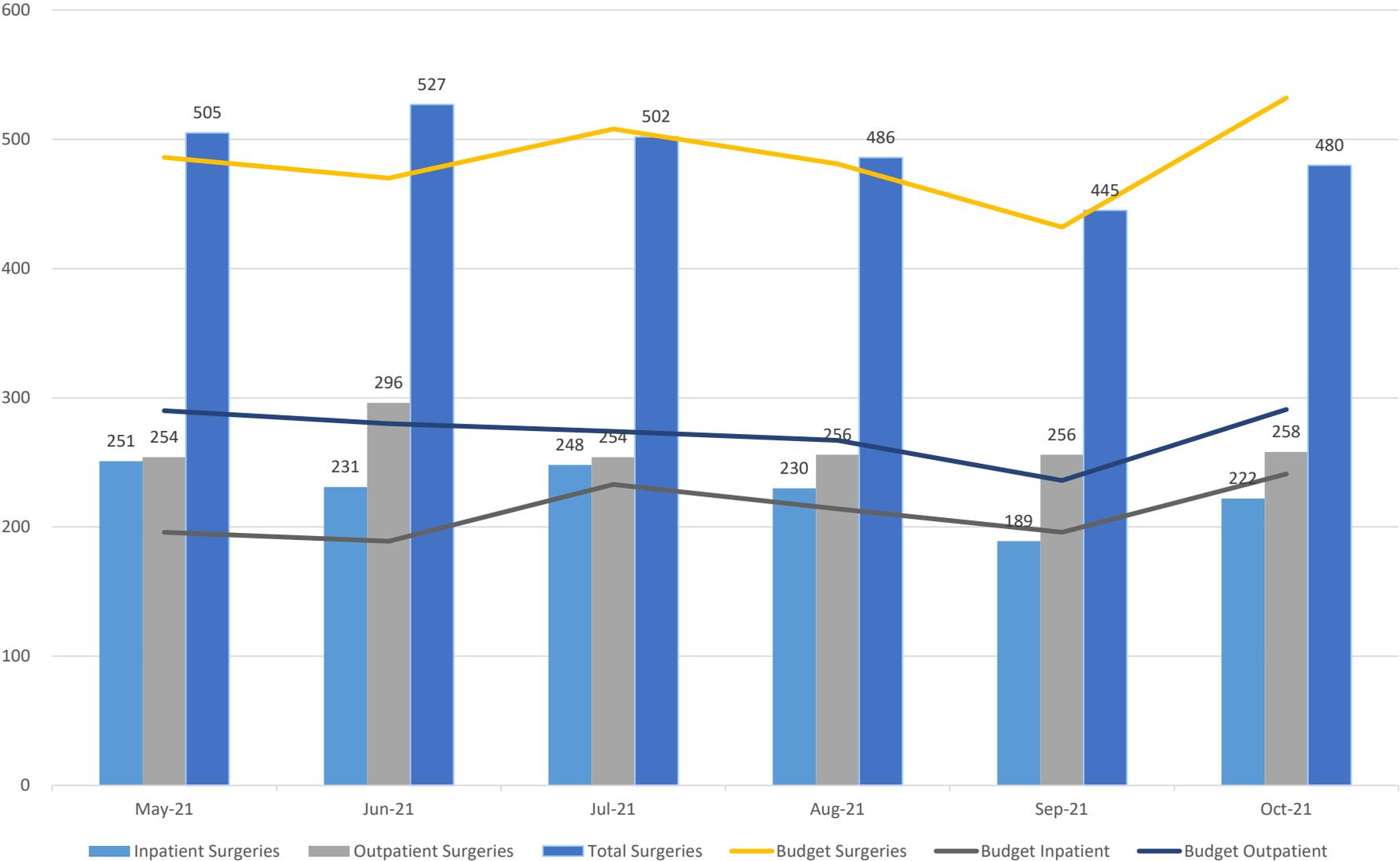
Emergency Room Volume



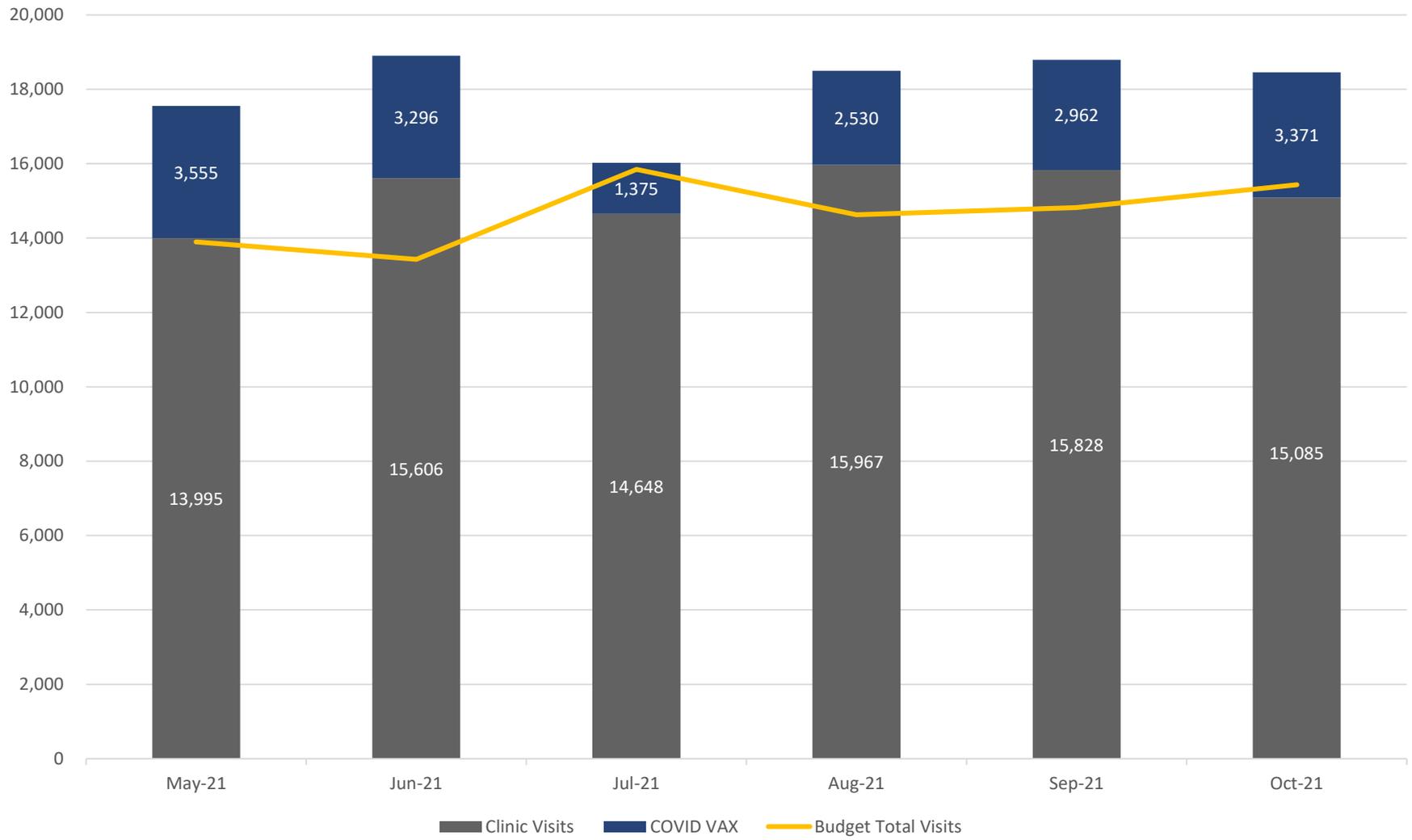
Trauma Activations



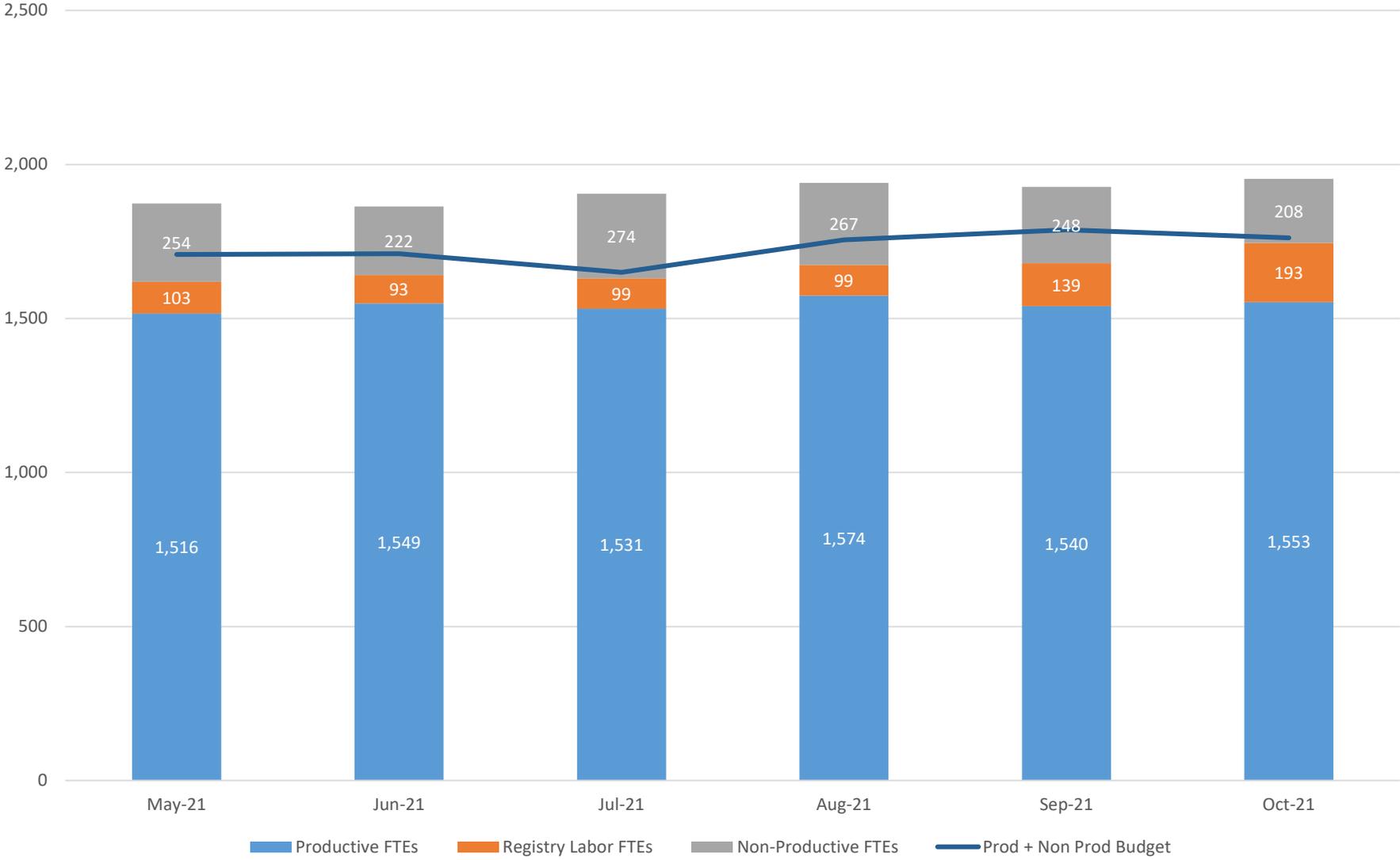
Surgical Volume



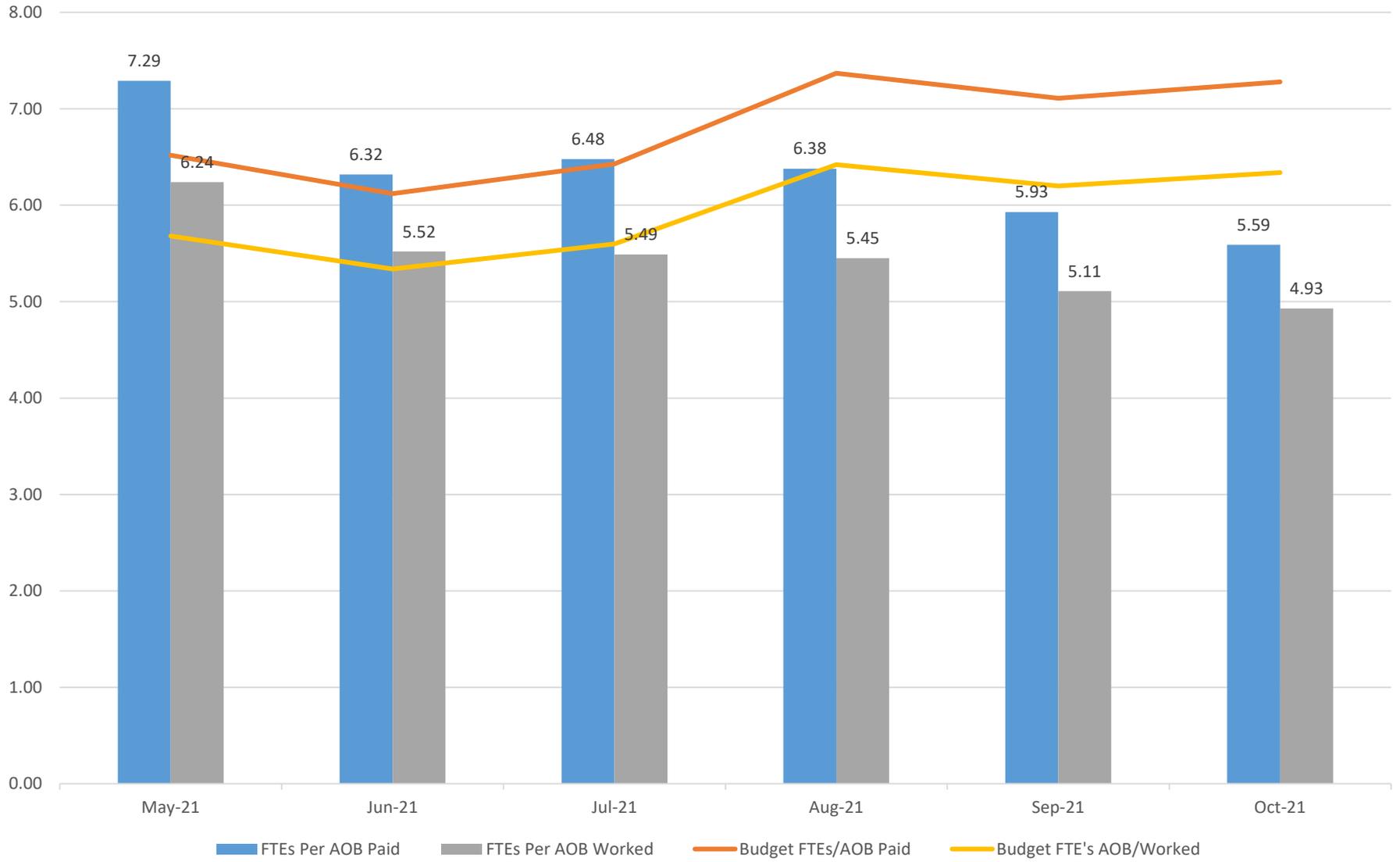
Clinic Visits



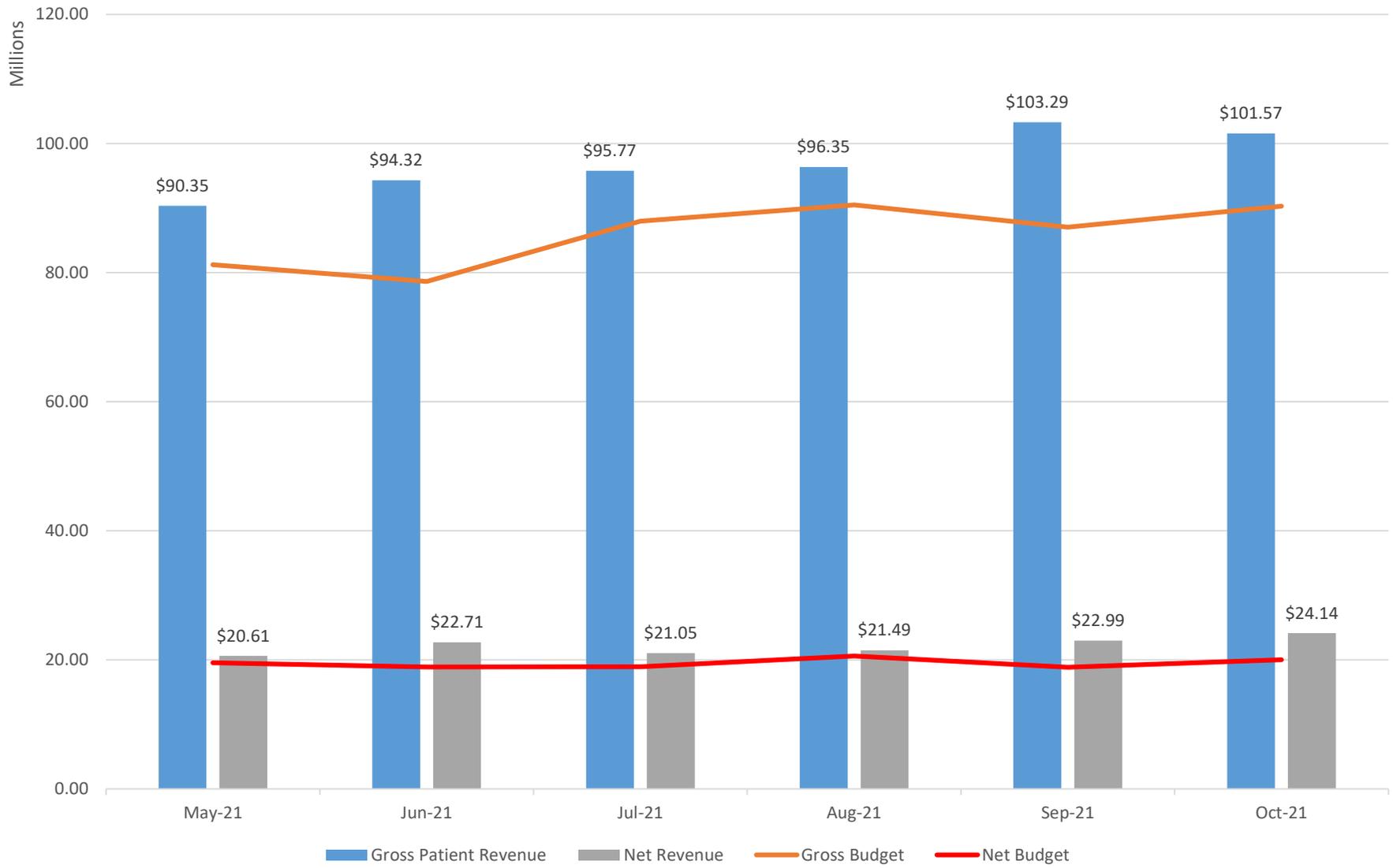
Productivity



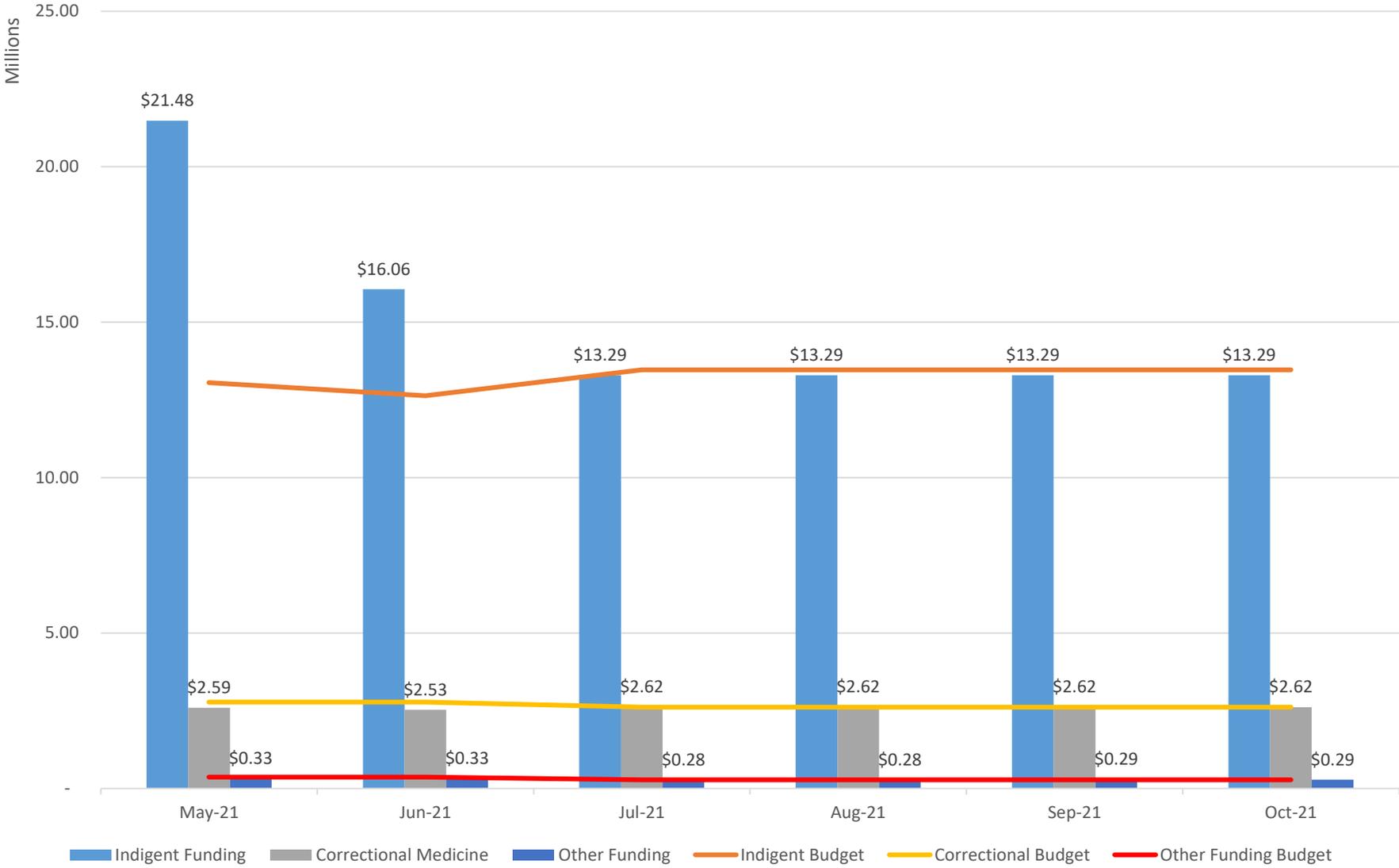
Labor Metrics



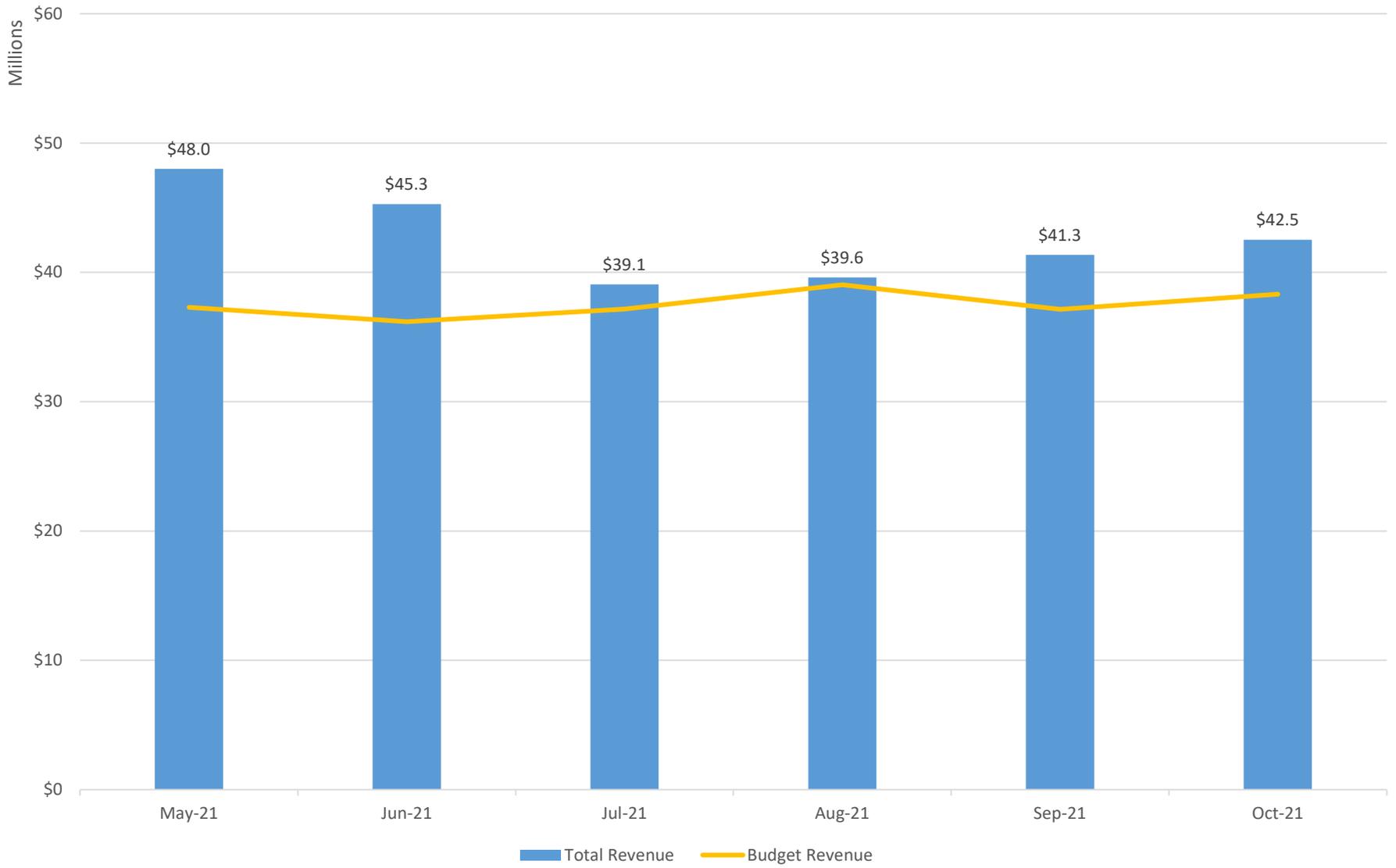
Patient Revenue



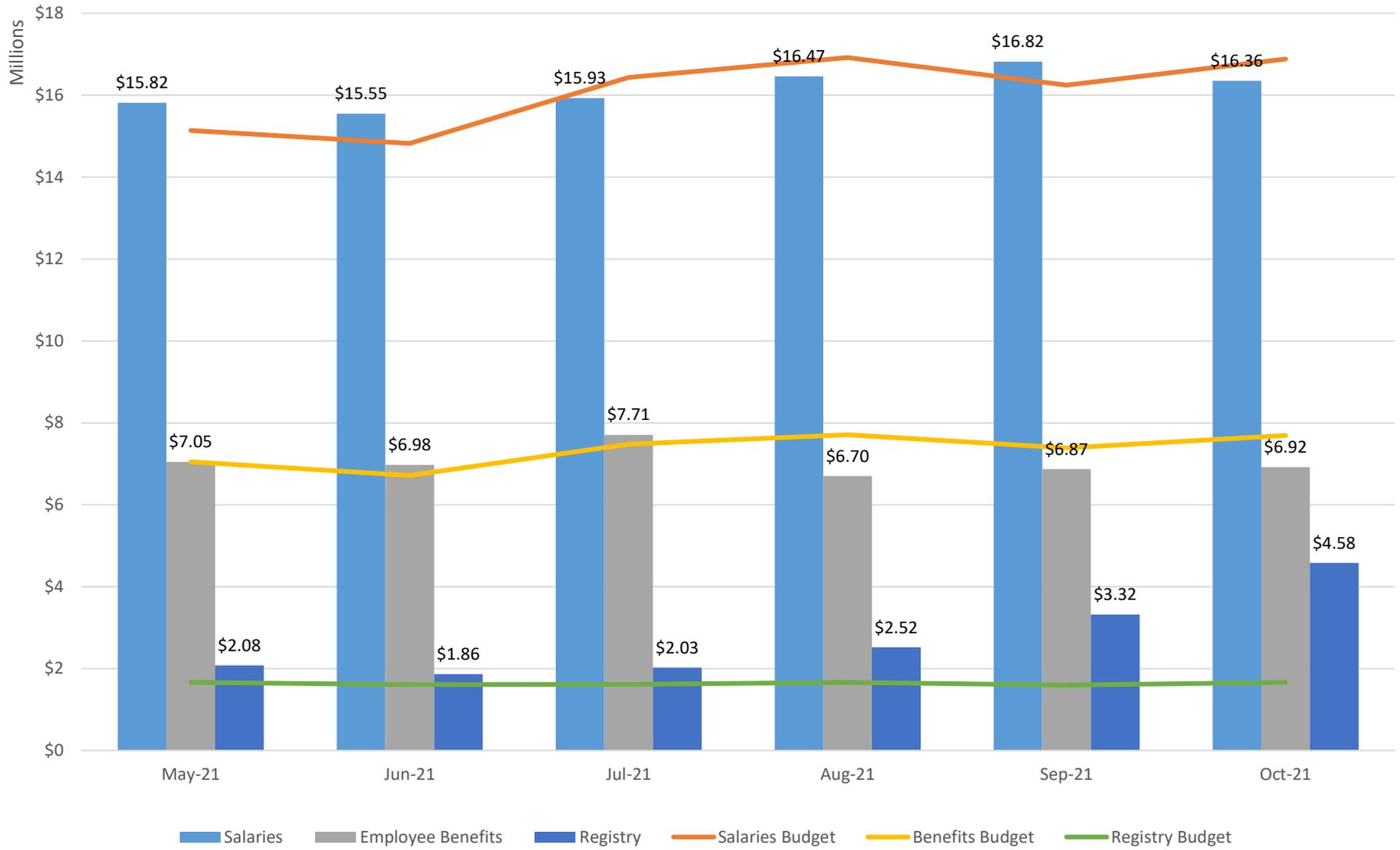
Indigent & Correctional Revenue



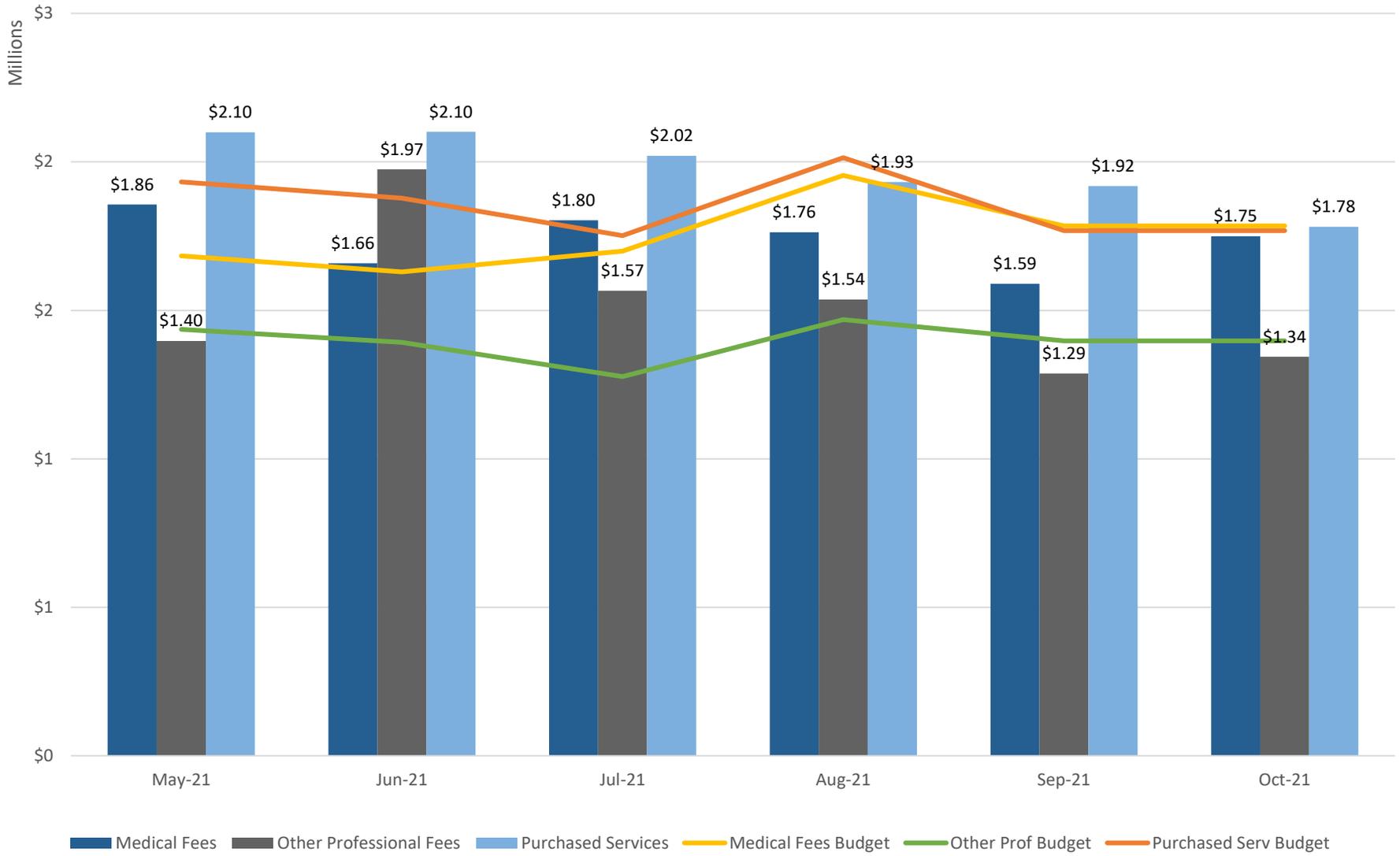
Total Revenue



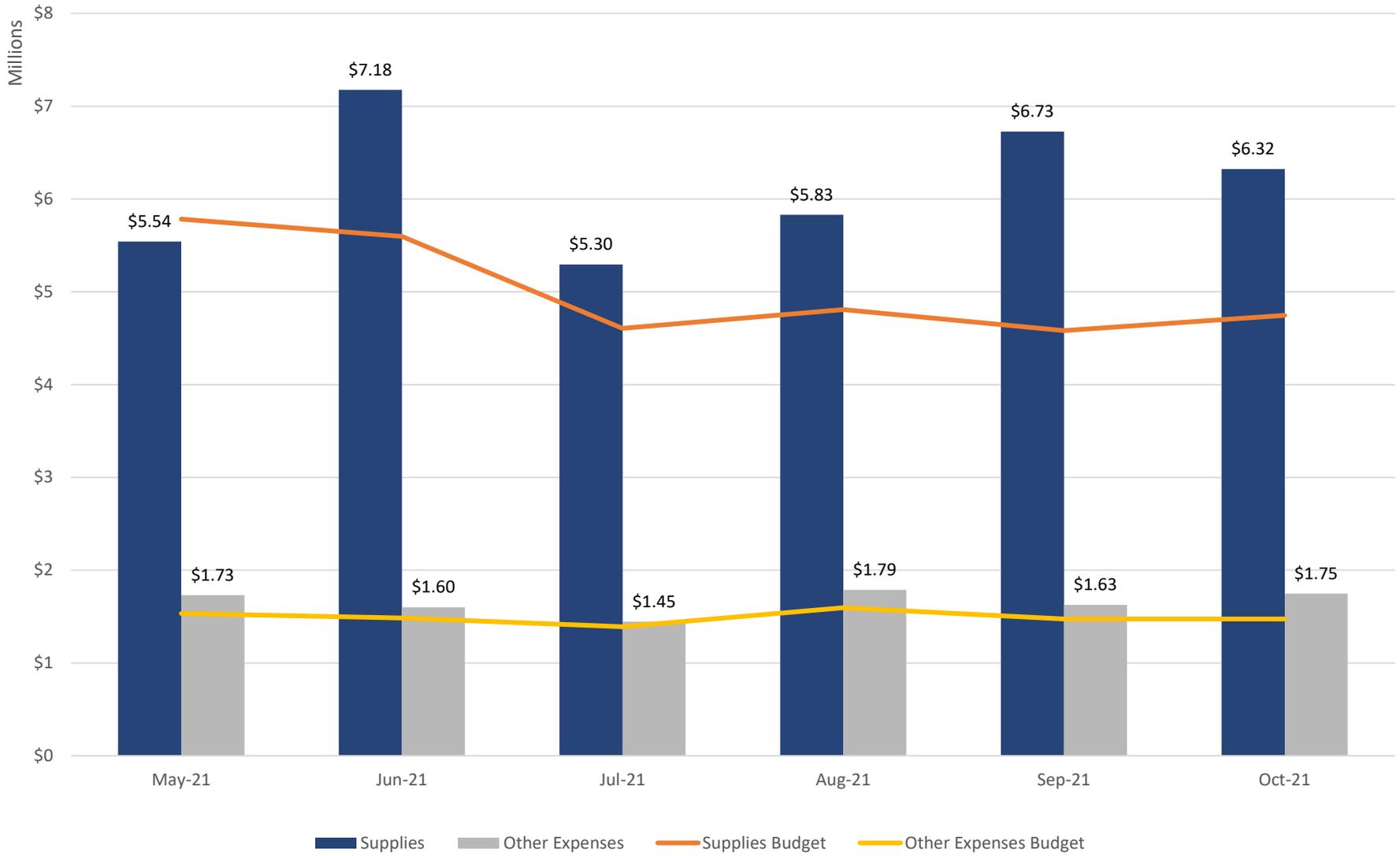
Expenses



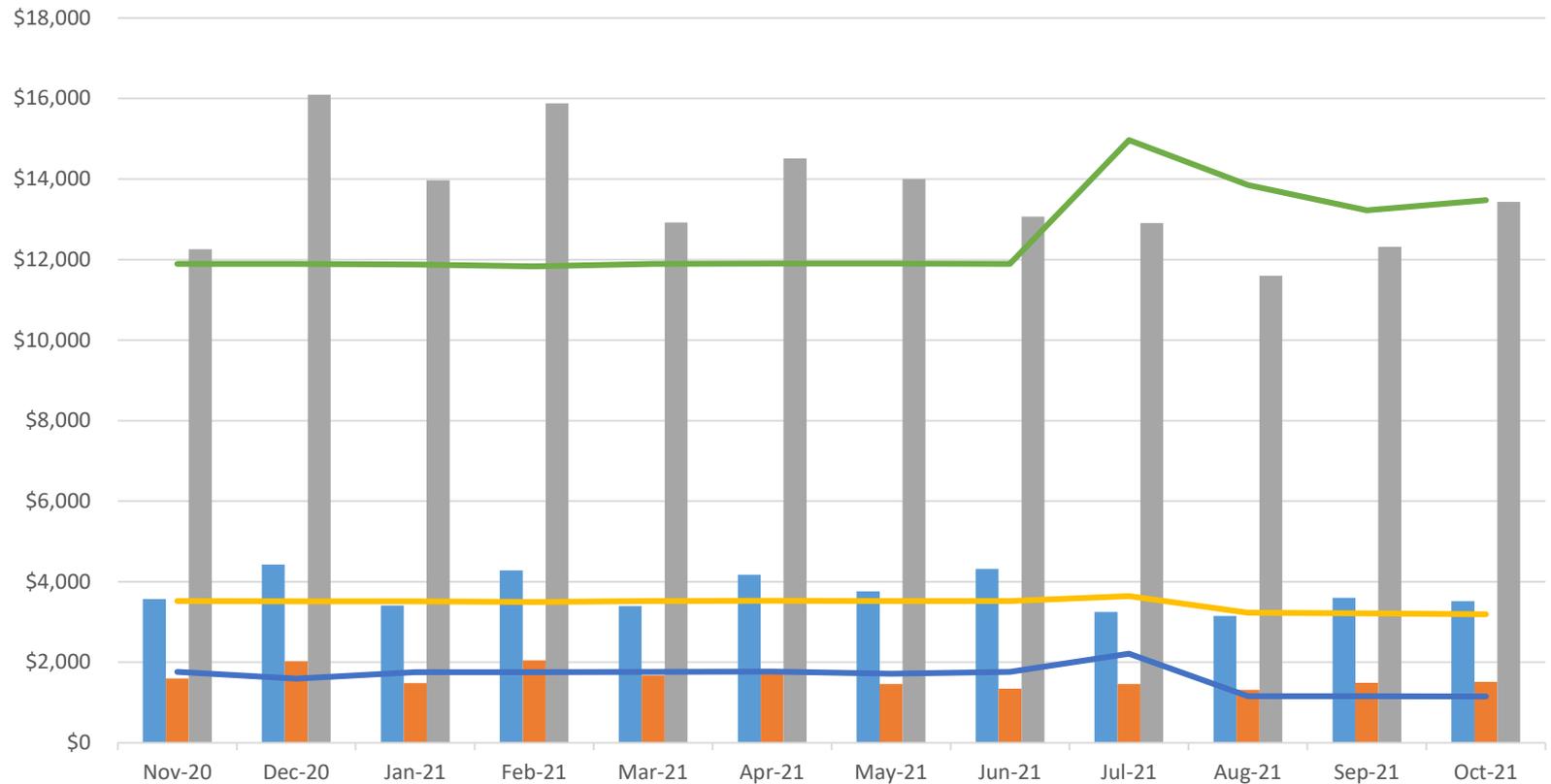
Expenses



Expenses

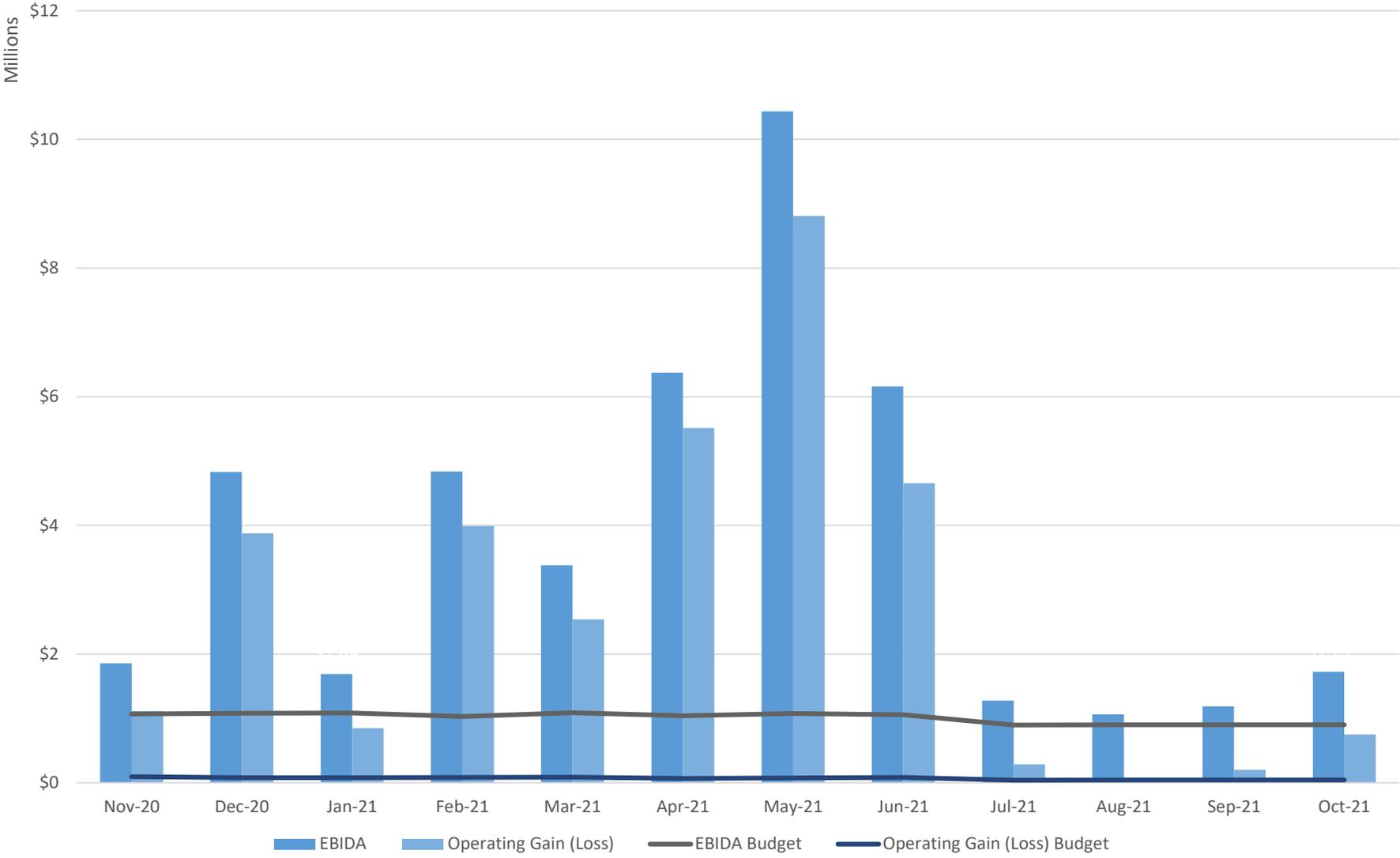


Operating Metrics

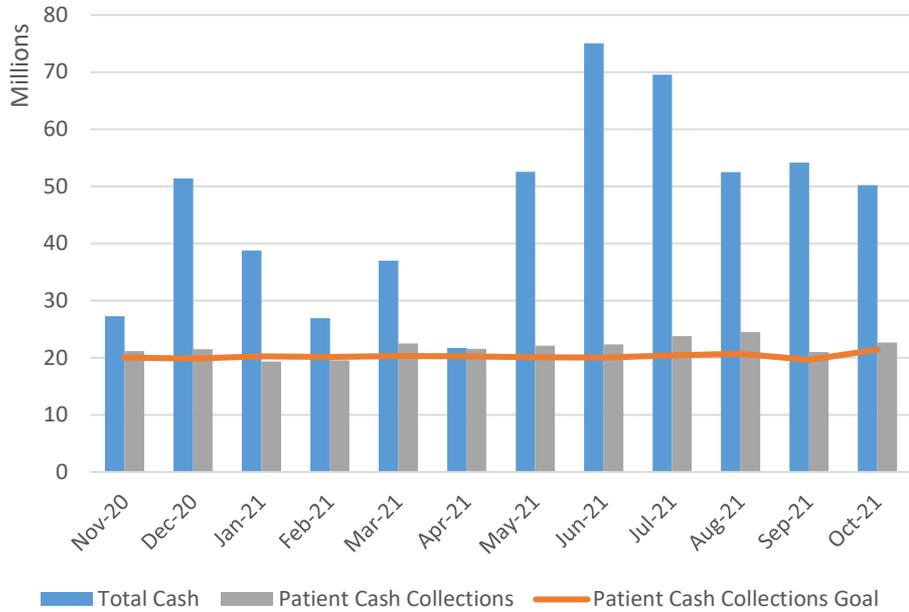


	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21
Supply Expense per AA	\$3,574	\$4,431	\$3,408	\$4,285	\$3,396	\$4,176	\$3,765	\$4,323	\$3,247	\$3,148	\$3,603	\$3,518
Pharm Cost per AA	\$1,597	\$2,028	\$1,481	\$2,050	\$1,678	\$1,809	\$1,458	\$1,345	\$1,457	\$1,319	\$1,492	\$1,516
Net Revenue Per AA	\$12,256	\$16,093	\$13,968	\$15,879	\$12,922	\$14,513	\$13,999	\$13,071	\$12,910	\$11,600	\$12,316	\$13,435
Budget Supp/AA	\$3,519	\$3,516	\$3,511	\$3,501	\$3,518	\$3,526	\$3,522	\$3,522	\$3,641	\$3,229	\$3,214	\$3,196
Budget Pharm/AA	\$1,762	\$1,596	\$1,759	\$1,755	\$1,763	\$1,767	\$1,714	\$1,764	\$2,217	\$1,156	\$1,155	\$1,154
Budget Net Rev/AA	\$11,893	\$11,893	\$11,882	\$11,833	\$11,892	\$11,902	\$11,900	\$11,897	\$14,966	\$13,848	\$13,228	\$13,477

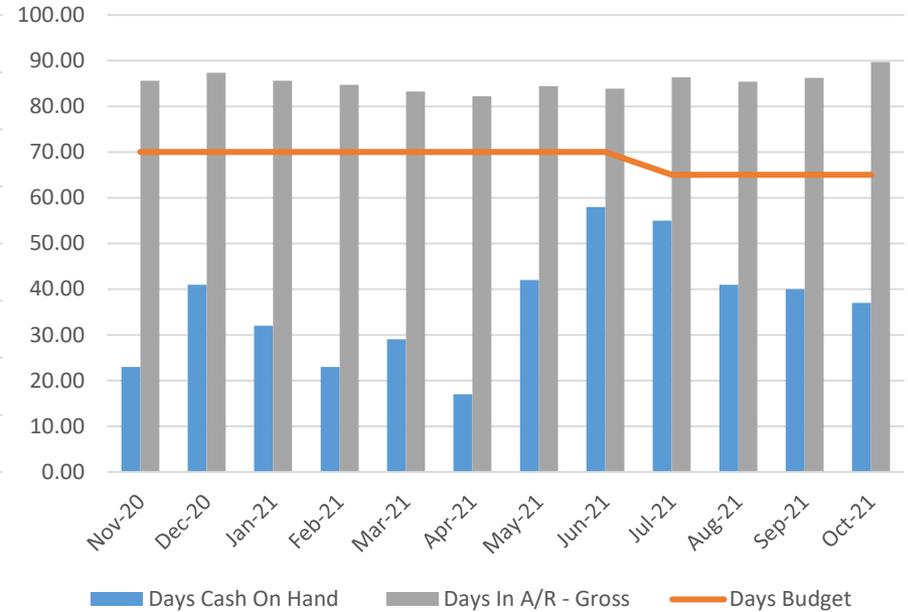
EBIDA Rolling Year



Cash Rolling Year



AR Days Rolling Year



KERN MEDICAL
3-Month Trend Analysis: Revenue & Expense
October 31, 2021

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
Gross Patient Revenue	\$ 96,350,613	\$ 103,289,808	\$ 101,572,680	\$ 90,307,895	12%	\$ 88,747,831
Contractual Deductions	(74,860,203)	(80,299,516)	(77,429,746)	(70,286,706)	10%	(67,501,382)
Net Revenue	21,490,410	22,990,291	24,142,935	20,021,190	21%	21,246,449
Indigent Funding	13,293,612	13,293,612	13,293,612	13,468,684	(1%)	12,871,456
Correctional Medicine	2,616,667	2,616,667	2,616,667	2,616,667	0%	2,531,665
County Contribution	282,894	289,845	285,211	282,894	1%	285,211
Incentive Funding	0	0	0	0	0%	41,667
Net Patient Revenue	37,683,582	39,190,415	40,338,424	36,389,434	11%	36,976,448
Other Operating Revenue	1,898,278	2,141,211	2,175,678	1,641,500	33%	1,180,599
Other Non-Operating Revenue	15,365	17,360	12,864	283,903	(95%)	14,769
Total Revenue	39,597,226	41,348,986	42,526,966	38,314,837	11%	38,171,816
Expenses						
Salaries	16,465,028	16,821,011	16,356,020	16,885,694	(3%)	15,688,011
Employee Benefits	6,703,683	6,870,264	6,916,640	7,694,050	(10%)	6,999,601
Registry	2,517,340	3,321,361	4,582,330	1,661,032	176%	1,753,571
Medical Fees	1,762,641	1,589,766	1,749,796	1,784,554	(2%)	1,570,254
Other Professional Fees	1,536,384	1,287,916	1,343,747	1,397,697	(4%)	1,402,090
Supplies	5,831,342	6,726,033	6,322,164	4,747,343	33%	5,991,603
Purchased Services	1,932,025	1,918,454	1,781,505	1,768,319	1%	2,068,039
Other Expenses	1,787,156	1,626,859	1,748,770	1,473,322	19%	1,563,902
Operating Expenses	38,535,599	40,161,664	40,800,971	37,412,010	9%	37,037,071
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 1,061,626	\$ 1,187,323	\$ 1,725,995	\$ 902,827	91%	\$ 1,134,745
EBIDA Margin	3%	3%	4%	2%	72%	3%
Interest	84,590	84,361	84,468	138,079	(39%)	137,992
Depreciation	676,573	677,964	665,319	466,931	42%	474,267
Amortization	224,132	224,132	224,132	254,168	(12%)	256,257
Total Expenses	39,520,895	41,148,121	41,774,890	38,271,189	9%	37,905,587
Operating Gain (Loss)	\$ 76,331	\$ 200,865	\$ 752,076	\$ 43,649	1,623%	\$ 266,229
Operating Margin	0.2%	0.5%	1.8%	0.11%	1,452%	0.70%

KERN MEDICAL
Year-to-Date: Revenue & Expense

October 31, 2021

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
				\$	
Gross Patient Revenue	\$ 396,980,867	\$ 355,820,667	12%	347,349,675	14%
Contractual Deductions	(307,305,557)	(277,393,681)	11%	(266,829,324)	15%
Net Revenue	89,675,311	78,426,986	14%	80,520,352	
Indigent Funding	53,174,448	53,874,738	(1%)	51,070,616	4%
Correctional Medicine	10,466,667	10,466,667	0%	10,126,621	3.4%
County Contribution	1,140,844	1,131,575	1%	1,140,883	(0.003%)
Incentive Funding	0	0	0%	2,014,187	(100%)
Net Patient Revenue	154,457,269	143,899,965	7%	144,872,658	7%
Other Operating Revenue	8,031,273	6,632,162	21%	4,681,461	72%
Other Non-Operating Revenue	56,826	1,126,454	(95%)	2,076,841	(97%)
Total Revenue	162,545,368	151,658,581	7%	151,630,960	7%
Expenses					
Salaries	65,570,064	66,496,432	(1%)	62,558,708	5%
Employee Benefits	28,199,580	30,274,609	(7%)	28,500,253	(1%)
Registry	12,446,350	6,535,840	90%	6,621,618	88%
Medical Fees	6,905,627	7,223,193	(4%)	6,849,122	1%
Other Professional Fees	5,734,586	5,541,746	3%	5,436,540	5%
Supplies	24,174,863	18,743,555	29%	22,363,617	8%
Purchased Services	7,652,485	7,303,192	5%	7,940,338	(3.63%)
Other Expenses	6,608,517	5,932,921	11%	6,790,812	(3%)
Operating Expenses	157,292,071	148,051,487	6%	147,061,009	7%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 5,253,296	\$ 3,607,094	46%	\$ 4,569,951	15%
EBIDA Margin	3%	2%	36%	3%	7%
Interest	338,099	552,317	(39%)	568,728	(41%)
Depreciation	2,702,640	1,867,722	45%	1,897,333	42%
Amortization	896,529	1,016,674	(11.8%)	1,025,030	(13%)
Total Expenses	161,229,339	151,488,201	6%	150,552,100	7%
Operating Gain (Loss)	\$ 1,316,028	\$ 170,380	672%	\$ 1,078,861	22%
Operating Margin	1%	0.1%	621%	1%	14%

**KERN MEDICAL
BALANCE SHEET**

	OCTOBER 2021	OCTOBER 2020
ASSETS:		
<i>Total Cash</i>	\$ 50,191,992	\$ 48,769,169
Patient Receivables Subtotal	293,696,848	236,324,815
Contractual Subtotal	(252,541,417)	(182,433,168)
<i>Net Patient Receivable</i>	41,155,431	53,891,647
Total Indigent Receivable	149,142,306	108,354,896
Total Other Receivable	13,481,779	9,678,061
Total Prepaid Expenses	5,180,599	3,671,802
Total Inventory	4,424,586	5,961,575
<i>Total Current Assets</i>	263,576,693	230,327,150
Deferred Outflows of Resources	87,863,462	85,573,671
Total Land, Equipment, Buildings and Intangibles	213,875,339	194,588,293
Total Construction in Progress	9,939,127	19,979,664
<i>Total Property, Plant & Equipment</i>	223,814,466	214,567,957
Total Accumulated Depr & Amortization	(128,981,980)	(118,603,796)
<i>Net Property, Plant, and Equipment</i>	94,832,487	95,964,161
<i>Total Long Term Assets</i>	87,863,462	85,573,671
<i>Total Assets</i>	\$ 446,272,642	\$ 411,864,982

**KERN MEDICAL
BALANCE SHEET**

	OCTOBER 2021	OCTOBER 2020
LIABILITIES & EQUITY:		
Total Accounts Payable	\$ 16,708,155	\$ 10,831,128
Total Accrued Compensation	35,557,854	38,131,781
Total Due Government Agencies	35,019,068	34,148,815
Total Other Accrued Liabilities	49,789,600	58,697,672
<i>Total Current Liabilities</i>	137,074,677	141,809,396
Unfunded Pension Liability	322,103,797	307,234,709
Other Long-Term Liabilities	80,914,207	103,115,962
<i>Total Long-Term Liabilities</i>	403,018,004	410,350,671
<i>Total Liabilities</i>	540,092,681	552,160,067
Fund Balance	36,714,022	36,913,884
Retained Earnings	(130,534,061)	(177,208,969)
<i>Total Fund Balance</i>	(93,820,039)	(140,295,085)
<i>Total Liabilities and Fund Balance</i>	\$ 446,272,642	\$ 411,864,982



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

December 15, 2021

Subject: Kern County Hospital Authority Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

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

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on December 15, 2021, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

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