



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, February 21, 2024

11:30 A.M.

BOARD TO RECONVENE

Board Members: Berjis, Bigler, McLaughlin, Neal, Pelz, Pollard, Zervis
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" OR "C" REPRESENTS THE CONSENT AGENDA. CONSENT ITEMS WILL BE CONSIDERED FIRST AND MAY BE APPROVED BY ONE MOTION IF NO MEMBER OF THE BOARD OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing James L. Zervis for his service on the Kern County Hospital Authority Board of Governors –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on January 17, 2024 –
APPROVE

CA

- 5) Proposed Second Amended and Restated Credit Agreement with PNC Bank, National Association (PNC Bank) for a revolving line of credit, increasing the maximum available principal amount of credit under the Line of Credit to \$30,000,000 and extending the maturity date of the Line of Credit to a date not later than February 28, 2025, amending and restating the Amended and Restated Credit Agreement (as previously approved by the Board of Governors) to include provisions for new interest rate setting procedures and certain administrative amendments necessary to comply with PNC Bank current policies, provided that the Line of Credit shall otherwise be substantially on the same terms set out in the Amended and Restated Credit Agreement and that any indebtedness incurred thereunder at any time shall be secured only by personal property, substantially the same as the personal property described in the previously executed General Security and Pledge Agreement, in favor of PNC Bank, and delegating authority to certain officers –
APPROVE; ADOPT RESOLUTION; AUTHORIZE AND DIRECT ANY TWO OF THE FOLLOWING OFFICERS (EACH, AN “AUTHORIZED OFFICER”), FOR AND IN THE NAME OF AND ON BEHALF OF THE AUTHORITY, TO EXECUTE THE SECOND AMENDED AND RESTATED CREDIT AGREEMENT AND AN AMENDMENT TO THE NOTE, OR A NEW NOTE IF THE AUTHORIZED OFFICERS DETERMINE THAT A NEW NOTE IS ADVISABLE, AS THE AUTHORIZED OFFICERS EXECUTING THE SAME, TOGETHER WITH THE VICE PRESIDENT & GENERAL COUNSEL OF THE AUTHORITY, SHALL APPROVE: CHAIRMAN OF THIS BOARD, VICE-CHAIRMAN OF THIS BOARD, CHIEF EXECUTIVE OFFICER OF THE AUTHORITY OR CHIEF FINANCIAL OFFICER OF THE AUTHORITY

CA

- 6) Proposed retroactive acceptance of grant funds from Public Health Institute CA Bridge Program in the amount of \$625,000 to expand testing for syphilis, HIV and Hepatitis C virus in the Emergency Department, effective October 30, 2023 –
APPROVE; ADOPT RESOLUTION; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN SUPPORTING AGREEMENTS

CA

- 7) Proposed retroactive acceptance of donation of travel and related expenses from UKG for one Kern Medical Center employee to attend the UKG Industry Executive Summit West 2024 in San Diego, California, from February 5-7, 2024 –
APPROVE; ADOPT RESOLUTION

CA

- 8) Proposed retroactive Gold Service Plan Terms and Conditions with Astanza, LLC, an independent contractor, containing nonstandard terms and conditions, for service and maintenance of the tattoo removal laser from January 24, 2024 through January 25, 2025, in an amount not to exceed \$11,999 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Amendment No. 8 to Agreement 1048-2010 with Total Renal Care, Inc., an independent contractor, for acute dialysis services for the period December 1, 2010 through February 29, 2024, extending the term for two months from March 1, 2024 through April 30, 2024 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Amendment to Master Agreement 910-2015 with Elsevier, Inc., an independent contractor, for employee educational software for the period December 15, 2015 through December 31, 2026, adding the ClinicalKey for Nursing software licenses, and increasing the maximum payable by \$69,333, from \$757,224 to \$826,557, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed Quotation 2301380624 with Philips Healthcare, a division of Philips North America LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of EKG upgrade kits, in an amount not to exceed \$3,362, plus applicable tax and shipping, effective February 21, 2024 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed Agreement with Heredia Cabling Solutions, an independent contractor, for installation of an infant security system, in an amount not to exceed \$181,070, effective February 21, 2024 –
MAKE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF \$164,609

CA

- 13) Proposed Amendment No. 2 to Personal/Professional Services Agreement 47621 with Arcadis, an independent contractor, for construction design services for the period July 29, 2021 through July 28, 2024, extending the term for three years from July 29, 2024 through July 28, 2027, increasing the maximum payable by \$250,000, from \$250,000 to \$500,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 14) Proposed Amendment No. 2 to Personal/Professional Services Agreement 057-2020 with Thyssenkrupp Elevator Corporation, an independent contractor, for design and construction upgrades to the D Wing elevators, increasing the maximum payable by \$71,931, from \$2,422,623 to \$2,494,554, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 15) Proposed Change Order No. 1 to Agreement 090-2023 with Mountain West Builders, Inc., an independent contractor, for construction services related to laboratory modifications, increasing the maximum payable by \$26,748, from \$134,564 to \$161,312, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 16) Proposed Amendment No. 1 to Agreement 59522 with DFI Enterprises, an independent contractor, for construction project inspection services for the period September 19, 2022 through September 18, 2025, extending the term for two years from September 19, 2024 through September 18, 2027, and increasing the maximum payable by \$250,000, from \$200,000 to \$450,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 17) Proposed retroactive Amendment No. 1 to Agreement 101-2023 with John B. Schlaerth, M.D., A Medical Corporation, an independent contractor, for professional medical services in the Department of Obstetrics and Gynecology for the period September 1, 2023 through August 31, 2025, deleting services as Chief, Division of Gynecologic Oncology, effective January 19, 2024 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 18) Proposed retroactive Amendment No. 1 to Agreement 096-2022 with Amin Ahmed Ramzan, M.D., a contract employee, for professional medical services in the Department of Obstetrics and Gynecology, for the period August 17, 2022 through August 16, 2027, revising the job description to add services as Chief, Division of Gynecologic Oncology and Program Director for the Obstetrics and Gynecology residency program, adding an annual stipend of \$24,000 for services as Program Director, adding an annual retention bonus of \$25,000, and increasing the maximum payable by \$160,000, from \$3,090,000 to \$3,250,000, to cover the term, effective January 19, 2024, –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 19) Proposed Amendment No. 2 to Agreement 69022 with Wilbur Nelson Montana, D.O., an independent contractor, for professional medical services in the Department of Medicine for the period December 1, 2022 through February 29, 2024, extending the term for two years from March 1, 2024 through February 28, 2026, adding compensation for excess clinical hours, and increasing the maximum payable by \$2,000,000, from \$300,000 to \$2,300,000, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 20) Proposed Amendment No. 1 to Agreement 044-2023 with Juan M. Lopez, M.D., a contract employee, for professional medical and administrative services in the Department of Obstetrics and Gynecology for the period March 15, 2023 through March 14, 2028, increasing the compensation for weekend day, holiday and weekday night call coverage, and increasing the maximum payable by \$250,000, from \$3,250,000 to \$3,500,000, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 21) Proposed Amendment No. 1 to Agreement 041-2023 with Tarun Rustagi, M.D., a contract employee, for professional medical and administrative services in the Department of Medicine for the period March 16, 2023 through March 15, 2024, extending the term for two years from March 16, 2024 through March 15, 2026, adding a signing bonus of \$50,000, increasing the expenditure for immigration expenses by \$15,000, from \$15,000 to \$30,000, and increasing the maximum payable by \$2,520,435, from \$1,340,000 to \$3,860,435, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 22) Proposed Agreement with McMurtrey Lince, Inc., an independent contractor, for construction of a new pediatric unit and fast track exam rooms in the Emergency Department, in an amount not to exceed \$3,012,900, effective February 21, 2024 until project completion –
MAKE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF \$2,739,000

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

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

CA

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

CA

- 26) Claims and Lawsuits Filed as of January 31, 2024 –
RECEIVE AND FILE

CA

- 27) Miscellaneous Correspondence as January 31, 2024
RECEIVE AND FILE

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

- C-28) Kern Medical Surgery Center, LLC, Administrative Report –
RECEIVE AND FILE

- C-29) Proposed retroactive 401(k) Profit Sharing Plan for Kern Medical Surgery Center, LLC
employees and appointment of Shanan Mallard as the successor Authorized Representative –
APPROVE; ADOPT RESOLUTION; AUTHORIZE CHIEF EXECUTIVE OFFICER TO
SIGN; DIRECT KERN COUNTY HOSPITAL AUTHORITY HUMAN RESOURCES TO
IMPLEMENT

- C-30) Proposed credentialing recommendations –
APPROVE

- C-31) Claims and Lawsuits Filed as of February 2024
RECEIVE AND FILE

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

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 32) Request for Closed Session regarding peer review of health practitioners (Health and Safety
Code Section 101855(j)(2)) –
- 33) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code
Section 54956.9(e)(1)) Number of cases: One (1) Significant exposure to litigation in the
opinion of the Board of Governors on the advice of legal counsel, based on: Facts and
circumstances that might result in litigation against the Authority but which the Authority
believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances
need not be disclosed –
- 34) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief
Executive Officer Scott Thygerson, and designated staff - Unrepresented Employees
(Government Code Section 54957.6) –
- 35) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief
Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service
Employees International Union, Local 521 (Government Code Section 54957.6) –

- 36) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2) & (e)(2)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs. Facts and circumstances are as follows: Novarad Corporation –
- 37) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1599-M –
- 38) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Farzin Tayefeh, M.D., et al. v. County of Kern, et al., Kern County Superior Court, Case No. BCV-15-100647 –
- 39) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP Case No. 23-AL-LNC-64581, Penalty No. 120019236 –
- 40) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP Case No. 23-AL-LNC-64581, Penalty No. 120019259 –
- 41) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP Case No. 23-AL-LNC-64581, Penalty No. 120019322
- 42) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP Case No. 23-AL-LNC-64580, Penalty No. 120019340 –
- 43) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP Case No. 23-AL-LNC-64581, Penalty No. 120019384
- 44) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP Case No. 23-AL-LNC-66389, Penalty No. 120019413
- 45) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP Case No. 23-AL-LNC-66388, Penalty No. 120019455 –

- 46) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP Case No. 23-AL-LNC-64573, Penalty No. 120019386 –
- 47) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1573-M –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, MARCH 20, 2024 AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

All agenda item supporting documentation is available for public review at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, 93306 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code Section 54953.2)**

The Kern Medical Center Conference Room is accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Kern County Hospital Authority Board of Governors may request assistance at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, California, or by calling (661) 326-2102. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.

CA

26) CLAIMS AND LAWSUITS FILED AS OF JANUARY 31, 2024 –
RECEIVE AND FILE

- A) Claim in the matter of Kenneth Ridenour
- B) Claim in the matter of Miguel Patino
- C) Claim in the matter of Roosevelt D., Reed
- D) Summons and Complaint in the matter of Sheri Hafferman, Plaintiff, v. Kern Medical Center; Bryant Nachtigall, DPM; and DOES 1-100, Inclusive, Defendants, Kern County Superior Court Case No. BCV-23-104072
- E) Unfair Practice Charge in the matter of Service Employees International Union, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1695-M
- F) Summons and Complaint in the matter of Nora Salinas, an individual, Plaintiff, v. Kern County Hospital Authority, and DOES 1-100, Inclusive, Defendants, Kern County Superior Court Case No. BCV-24-100061

CA

27) MISCELLANEOUS CORRESPONDENCE AS JANUARY 31, 2024
RECEIVE AND FILE

- A) Correspondence received January 5, 2024, from Office for Civil Rights in the matter of George Casteel, OCR Transaction No. CU-24-556494
- B) Correspondence received January 17, 2024, from Laboratory staff concerning a proposal Clinical Laboratory Assistant salary increases and job classification enhancements
- C) Correspondence received January 17, 2024, from Laboratory staff concerning Clinical Laboratory Scientist salary increases to mitigate recruitment and retention challenges

C-32) CLAIMS AND LAWSUITS FILED AS OF FEBRUARY 2024
RECEIVE AND FILE

- A) Claim in the matter of Corissa Melendrezpresa v. Kern Medical Surgery Center, LLC



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

**Regular Meeting
Wednesday, January 17, 2024**

11:30 A.M.

BOARD RECONVENED

Board Members: Berjis, Bigler, McLaughlin, Neal, Pelz, Pollard, Zervis
Roll Call: 6 Present; 1 Absent - Bigler

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

IVONNE PARKER, CLINICAL SUPERVISOR, LABORATORY; DANNA MEJIA, CLINICAL LAB SCIENTIST; SARAH PENDEREL, BLOOD BANK SUPERVISOR; LAURA FULLER, CLINICAL LAB ASSISTANT; AND MICHELLE FANG, CLINICAL PHARMACIST, HEARD REGARDING STAFF SHORTAGES IN THE LAB AND PAY INCREASES FOR CLINICAL LAB STAFF

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

INTRODUCTIONS

- 3) Introduction of Kern County Hospital Authority Board Member Candace B. Neal
MADE INTRODUCTION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on December 13, 2023 –
APPROVED
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 5) Proposed Resolution in the matter of amending the grant agreement with California Health Facilities Financing Authority under the Children's Hospital Bond Act of 2018, to reallocate funds among vendors and appoint the Kern Medical Center Foundation Executive Director (ex-officio) to administer the grant award –
APPROVED; ADOPT RESOLUTION 2024-001
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 6) Proposed Ordering Document CPQ-3225814 with Oracle America, Inc., an independent contractor, for implementation and configuration of a CareAware BMDI device to support the integration of data into the electronic health record, for a project term of three months, in an amount not to exceed \$19,134 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 001-2024; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN RECEIPT OF DELIVERY
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 7) Proposed Ordering Document CPQ-3232432 with Oracle America, Inc., an independent contractor, containing nonstandard terms and conditions, amending the Scope of Use to support the increase in unique users and laboratory procedures, in an amount not to exceed \$2,399,400 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 002-2024; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN RECEIPT OF DELIVERY
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 8) Proposed acceptance of donation of travel and related expenses from Presidio Networked Solutions Group, Inc. and Cisco Systems for two Kern Medical Center employees to attend “Executive Briefing eXchange (EBX)” in San Francisco, California, and San Jose, California, from January 29-30, 2024 –
APPROVED; ADOPTED RESOLUTION 2024-002
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 9) Proposed retroactive Amendment No. 4 to Memorandum of Understanding 61320 with Kern Health Systems, an independent contractor, for the provision translation services to Kern Medical Center patients for the period December 14, 2020 through December 31, 2023, extending the term for one year from January 1, 2024 through December 31, 2024, and increasing the maximum payable by \$600,000, from \$1,625,000 to \$2,225,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 003-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 10) Proposed Quote W-SC-KernMC-Upgrade-4-24-2023 with NeurOptics, an independent contractor, containing nonstandard terms and conditions, for purchase of a pupillometer, in an amount not to exceed \$4,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 004-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 11) Proposed Resolution revising the Kern County Hospital Authority Pension Plan for Physician Employees’ Pension Committee membership –
APPROVED; ADOPTED RESOLUTION 2024-003
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 12) Proposed Change Order No. 3 to Agreement 107-2022 with McMurtrey Lince, Inc., an independent contractor, increasing the maximum payable by \$113,510, from \$504,418 to \$617,928, to cover the cost of installing a medical gas system in the Emergency Department Isolation Room –
MADE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 005-2024; AUTHORIZED CHIEF EXECUTIVE OFFICER TO APPROVE FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF \$103,191
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 13) Proposed retroactive Purchase Order with Heredia Cabling Solutions, an independent contractor, for emergency installation of a temporary nurse call system, effective December 11, 2023, in an amount not to exceed \$279,209 –
MADE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(B)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 006-2024; AUTHORIZED CHIEF EXECUTIVE OFFICER TO APPROVE FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF \$253,826
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 14) Proposed Amendment No. 1 to Personal/Professional Services Agreement 05221 with Cal Kern Cabinets, Inc., an independent contractor, for manufacturing and installation of custom millwork for the period January 26, 2021 through January 25, 2024, extending the term for three years from January 26, 2024 through January 25, 2027 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 007-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 15) Proposed Amendment No. 3 to Personal/Professional Services Agreement 56219 with R.F. MacDonald Co., Inc., an independent contractor, for boiler system maintenance and repair for the period December 13, 2019 through December 12, 2025, increasing the maximum payable by \$500,000, from \$1,000,000 to \$1,500,000, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 008-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 16) Proposed Amendment No. 3 to Personal/Professional Services Agreement 21218 with Thyssenkrupp Elevator Corporation, an independent contractor, for elevator repair services for the period August 3, 2018 through June 30 2024, increasing the maximum payable by \$250,000, from \$480,000 to \$730,000, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 009-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 17) Proposed Amendment No. 1 to Personal/Professional Services Agreement 137-2022 with Mesa Energy Systems, Inc., doing business as Emcor Services Hillcrest, an independent contractor, for HVAC maintenance and repair services for the period December 2, 2022 through December 1, 2025, increasing the maximum payable by \$500,000, from \$1,000,000 to \$1,500,000, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 010-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 18) Proposed Amendment No. 1 to Personal/Professional Services Agreement 14221 with Viper Trailer Repair, LLC, an independent contractor, for MRI trailer maintenance services for the period March 15, 2021 through March 14, 2024, extending the term for three years from March 15, 2024 through March 14, 2027 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 011-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 19) Proposed Amendment No. 3 to Agreement 006-2020 with Neurodiagnostic Workforce LLC, an independent contractor, for neurodiagnostic monitoring services for the period February 12, 2020 through February 11, 2022, extending the term for two years from February 12, 2024 through February 11, 2026, and increasing the maximum payable by \$900,000, from \$1,652,000 to \$2,552,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 012-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 20) Proposed Amendment No. 2 to Agreement 052-2023 with Ralph Garcia-Pacheco Suarez, M.D., a contract employee, for professional medical services in the Department of Medicine for the period April 22, 2023 through April 21, 2026, adding an annual stipend of \$25,000 for services as Director, Ambulatory Clinical Development, and increasing the maximum payable by \$75,000, from \$2,175,000 to \$2,250,000, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 013-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 21) Proposed retroactive Amendment No. 4 to Agreement 2016-066 with Regional Anesthesia Associates, Inc., an independent contractor, for professional medical services in the Department of Anesthesia for the period November 9, 2016 through November 8, 2025, increasing the maximum payable by \$1,698,120, from \$22,806,681 to \$24,504,801, effective December 15, 2023, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 014-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 22) Proposed retroactive Agreement with Imtiaz A. Malik, M.D., an independent contractor, for professional medical services in the Department of Medicine from January 2, 2024 through January 1, 2026, in an amount not to exceed \$1,900,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 015-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 23) Proposed Renewal Subscription to License Agreement 04518 with Decision Resources Group, Inc., an affiliate of Clarivate PLC, on behalf of its Healthcare Business Insights Division, an independent contractor, for renewal of the Revenue Cycle Academy/E-Learning Membership, extending the term one year from February 12, 2024 through February 11, 2025, and increasing the maximum payable by \$30,356, from \$162,052 to \$192,408, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 016-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 24) Proposed revisions to Compensation Administration Policy No. HRM-HR-500.01 for unrepresented employees –
APPROVED; DIRECTED STAFF TO IMPLEMENT CHANGES
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 25) Proposed Amendment No. 2 to Agreement 099-2023 with Alton Scott Thygerson, a contract employee, for professional services as chief executive officer of Kern County Hospital Authority, adding a succession plan for the chief executive officer position – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 017-2024
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 26) Proposed annual report on the structural performance of Kern Medical Center buildings in compliance with Health and Safety Code section 130066.5 – RECEIVED AND FILED
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

- 27) Presentation on Draft Report of Independent Auditors from Moss Adams LLP regarding the audit of Kern Medical Center financial statements for the fiscal year ended June 30, 2023 – HEARD PRESENTATION; RECEIVED AND FILED; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS SUBJECT TO FINAL QUALITY CONTROL REVIEW AND APPROVAL BY MOSS ADAMS LLP
Pollard-Berjis: 6 Ayes; 1 Absent - Bigler

- 28) Proposed report on the status of the Kern Medical Center Electronic Health Record – RECEIVED AND FILED
Neal-Pelz: 6 Ayes; 1 Absent - Bigler

- 29) Kern County Hospital Authority Chief Financial Officer report – RECEIVED AND FILED
Pollard-Zervis: 6 Ayes; 1 Absent - Bigler

- 30) Kern County Hospital Authority Chief Executive Officer report – RECEIVED AND FILED
Pelz-Berjis: 6 Ayes; 1 Absent - Bigler

CA

- 31) Monthly report on What's Happening at Kern Medical Center – RECEIVED AND FILED
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

CA

- 32) Claims and Lawsuits Filed as of December 31, 2023 – RECEIVED AND FILED
Pelz-Zervis: 6 Ayes; 1 Absent - Bigler

ADJOURNED TO CLOSED SESSION
Berjis-Pollard

CLOSED SESSION

- 33) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2) & (e)(2)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs. Facts and circumstances are as follows: Rebecca Rivera, M.D. – SEE RESULTS BELOW
- 34) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2) & (e)(2)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs. Facts and circumstances are as follows: Elva Lopez, M.D. – SEE RESULTS BELOW
- 35) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 36) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Kern County Hospital Authority, Petitioner, v. Public Employment Relations Board, Respondent (Service Employees International Union, Local 521, Real Party in Interest; PERB Unfair Practice Charge No. LA-CE-1451-M), Fifth District Court of Appeal Case No. F085586 – SEE RESULTS BELOW
- 37) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1573-M – SEE RESULTS BELOW
- 38) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1599-M – SEE RESULTS BELOW
- 39) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1624-M – SEE RESULTS BELOW
- 40) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1661-M – SEE RESULTS BELOW
- 41) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1670-M – SEE RESULTS BELOW

- 42) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1683-M – SEE RESULTS BELOW
- 43) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
Zervis-Pollard

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item 33 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2) & (e)(2)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs. Facts and circumstances are as follows: Rebecca Rivera, M.D. – HEARD; NO REPORTABLE ACTION TAKEN

Item 34 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2) & (e)(2)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs. Facts and circumstances are as follows: Elva Lopez, M.D. – HEARD; NO REPORTABLE ACTION TAKEN

Item 35 concerning Request for Closed Session regarding peer review of health facilities Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION TAKEN

Item 36 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Kern County Hospital Authority, Petitioner, v. Public Employment Relations Board, Respondent (Service Employees International Union, Local 521, Real Party in Interest; PERB Unfair Practice Charge No. LA-CE-1451-M), Fifth District Court of Appeal Case No. F085586 – HEARD; NO REPORTABLE ACTION TAKEN

Item 37 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1573-M – HEARD; NO REPORTABLE ACTION TAKEN

Item 38 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1599-M – HEARD; NO REPORTABLE ACTION TAKEN

Item 39 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1624-M – HEARD; NO REPORTABLE ACTION TAKEN

Item 40 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1661-M – HEARD; NO REPORTABLE ACTION TAKEN

Item 41 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1670-M – HEARD; NO REPORTABLE ACTION TAKEN

Item 42 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1683-M – HEARD; NO REPORTABLE ACTION TAKEN

Item 43 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, FEBRUARY 21, 2024 AT 11:30 A.M.

Pollard

/s/ Mona A. Allen
Authority Board Coordinator

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



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

February 21, 2024

Subject:

Proposed Second Amended and Restated Credit Agreement with PNC Bank, National Association (PNC Bank) for a revolving line of credit, increasing the maximum available principal amount of credit under the Line of Credit to \$30,000,000 and extending the maturity date of the Line of Credit to a date not later than February 28, 2025, amending and restating the Amended and Restated Credit Agreement (as previously approved by the Board of Governors) to include provisions for new interest rate setting procedures and certain administrative amendments necessary to comply with PNC Bank current policies, provided that the Line of Credit shall otherwise be substantially on the same terms set out in the Amended and Restated Credit Agreement and that any indebtedness incurred thereunder at any time shall be secured only by personal property, substantially the same as the personal property described in the previously executed General Security and Pledge Agreement, in favor of PNC Bank, and delegating authority to certain officers

Recommended Action:

Approve; Adopt Resolution; Authorize and direct any two of the following officers (each, an "Authorized Officer"), for and in the name of and on behalf of the Authority, to execute the Second Amended and Restated Credit Agreement and an amendment to the Note, or a new note if the Authorized Officers determine that a new note is advisable, as the Authorized Officers executing the same, together with the Vice President & General Counsel of the Authority, shall approve: Chairman of this Board, Vice-Chairman of this Board, Chief Executive Officer of the Authority or Chief Financial Officer of the Authority

Summary:

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

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

On February 16, 2022, your Board adopted Resolution No. 2022-004, which, among other things, approved the most recent extension of the maturity date of the Line of Credit to March 1, 2023 and the terms and provisions of the Third Amendment to Credit Agreement, including the provision for an alternate interest rate for draws under the Line of Credit based on the One Month Bloomberg Short-Term Bank Yield Index.

On February 15, 2023, your Board adopted Resolution No. 2023-002, which, among other things, approved the most recent extension of the maturity date of the Line of Credit to March 1, 2023 and the terms and provisions of the Amended and Restated Credit Agreement, which restated the Credit Agreement to reflect, among other things, amendments included pursuant to the Second Amendment to Credit Agreement and the Third Amendment to Credit Agreement.

PNC Bank has advised that it is willing to increase the maximum available principal amount of credit under the Line of Credit to \$30,000,000 and extend the maturity date of the Line of Credit to February 28, 2025 and has advised that it will be desirable to further amend and restate the Amended and Restated Credit Agreement to include provisions for new interest rate setting procedures and certain administrative amendments necessary to comply with PNC Bank's current policies.

On February 6, 2024, the County of Kern, by action of its Board of Supervisors, adopted Resolution No. 2024-032, which approved the Authority's incurrence of up to \$40,000,000 of debt pursuant to the Line of Credit.

Increasing the maximum available principal amount of credit under the Line of Credit to \$30,000,000, extending the maturity date of the Line of Credit, further amending the Amended and Restated Credit Agreement by executing the Second Amended and Restated Credit Agreement and further amending certain related instruments and documents to provide for the Second Amended and Restated Credit Agreement is advisable and in the best interests of the Authority.

To do so requires that your Board authorize and approve the increase of the maximum available principal amount of credit under the Line of Credit to \$30,000,000, the extension of the maturity date of the Line of Credit to a date not later than February 28, 2025 and the amendment and restatement of the Amended and Restated Credit Agreement to include provisions for new interest rate setting procedures and certain administrative amendments necessary to comply with PNC Bank current policies, provided that the Line of Credit shall otherwise be substantially on the same terms set out in the Amended and Restated Credit Agreement and that any indebtedness incurred thereunder at any time shall be secured only by personal property, substantially the same as the personal property described in the General Security and Pledge Agreement previously executed by the Authority, in favor of PNC Bank.

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

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF
FEBRUARY 29, 2024

BY AND BETWEEN

KERN COUNTY HOSPITAL AUTHORITY

AND

PNC BANK, NATIONAL ASSOCIATION

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Exhibit A	--	Form of Bank Note
Exhibit B		Notice of Loan
Exhibit C		Form of Compliance Certificate
Schedule 5.23(a)	--	List of Subsidiaries
Schedule 5.23(b)	--	List of Equity Investments
Schedule 7.12	--	List of Existing Liens

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This Second Amended and Restated Credit Agreement is entered into as of February 29, 2024 (as amended, restated, supplemented or modified from time to time pursuant to the terms hereof, the “*Agreement*”), by and between KERN COUNTY HOSPITAL AUTHORITY, a local unit of government, duly created and validly existing under the laws of the State of California (the “*Authority*”), and PNC BANK, NATIONAL ASSOCIATION and its permitted successors and assigns (the “*Bank*”).

PRELIMINARY STATEMENT

WHEREAS, the Authority and the Bank have previously entered into that certain Amended and Restated Credit Agreement dated as of February 28, 2023 (as previously amended, supplemented or otherwise modified, the “*Existing Agreement*”), amending and restating that certain Credit Agreement dated as of March 1, 2019, pursuant to which the Bank established a revolving credit facility in favor of the Authority;

WHEREAS, the Authority and the Bank would like to make certain amendments to the Existing Agreement, subject to the terms and conditions set forth herein; and

WHEREAS, upon the satisfaction of the terms and conditions set forth herein, this Agreement will amend and restate the Existing Agreement in its entirety, and the Bank agrees to continue to extend a revolving credit facility to the Authority as set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1. Definitions. The following terms when used herein shall have the following meanings:

“*Accounts Receivables Collection Account*” means, (i) prior to the Deposit Account Transfer Date, an account of the Authority maintained at the Depository Bank into which all receivables of the Authority (including Governmental Receivables of the Authority) are and will be deposited and (ii) after the Deposit Account Transfer Date, the account of the Authority maintained at the Bank into which all receivables of the Authority (other than Governmental Receivables of the Authority) will be deposited.

“*Adjusted Daily Simple SOFR*” means, for each day, an interest rate per annum equal to the sum of (i) Daily Simple SOFR as from time to time in effect *plus* (ii) the SOFR Adjustment *plus* (iii) one hundred sixty basis points (1.60%).

“*Adjusted Term SOFR Rate*” means, for each Term SOFR Interest Period, an interest rate per annum equal to the sum of (i) the Term SOFR Rate as from time to time in effect for such

Term SOFR Interest Period *plus* (ii) the SOFR Adjustment *plus* (iii) one hundred sixty basis points (1.60%).

“Affiliate” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise. It is understood that, as of the date of this Credit Agreement, the Authority has no Affiliates, and all references to any Affiliate of the Authority shall be of no force and effect until such time as an Affiliate of the Authority shall be organized.

“Agreement” means this Credit Agreement, as the same may be amended, restated, supplemented or modified from time to time in accordance with the terms hereof.

“Anti-Corruption Laws” means (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other applicable Law relating to anti-bribery or anti-corruption in any jurisdiction in which the Authority or any of its Subsidiaries conduct business.

“Anti-Money Laundering Laws” means (a) the Bank Secrecy Act and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001; (b) the U.K. Proceeds of Crime Act 2002, the Money Laundering Regulations 2017, as amended and the Terrorist Asset-Freezing etc. Act 2010; and (c) any other applicable Law relating to anti-money laundering and countering the financing of terrorism in any jurisdiction in which the Authority or any of its Subsidiaries conduct business.

“Assignment and Assumption” means an assignment and assumption entered into by the Bank and an assignee (with the consent of the Authority if required pursuant to Section 9.16(b) hereof) in form and substance satisfactory to the Bank.

“Audited Financial Statements” has the meaning set forth in Section 5.7 hereof.

“Authority” has the meaning set forth in the introductory paragraph hereof.

“Authority Documents” means the Support Agreement, the County Resolution and the Authority Resolution.

“Authority Resolution” has the meaning set forth in Section 6.2(a)(i) hereof.

“Authorized Representative” means any person authorized from time to time in writing by the Authority to perform a designated act or execute a designated document and, with respect to such person prior to such act or execution of a designated document (including a request for Loan in accordance with Section 2.3 hereof), has provided a specimen signature to the Bank.

“Bank” has the meaning set forth in the introductory paragraph hereof.

“Bank Agreement” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for, bonds or notes of the Authority, or make loans or advances to the Authority.

“Bank Note” means the second amended and restated promissory note issued by the Authority to the order of the Bank evidencing the Loans and other Obligations under this Agreement, substantially in the form of Exhibit A hereto, with appropriate completions, and any and all renewals, extensions or modifications thereof, as amended, restated, supplemented or otherwise modified from time to time.

“Base Rate” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate; (ii) the Overnight Bank Funding Rate plus 0.50%; and (iii) the sum of Daily Simple SOFR *plus* 1.00%, so long as Daily Simple SOFR is offered, ascertainable and not unlawful; *provided, however*, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero. Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs.

“Base Rate Portion” has the meaning set forth in Section 3.1(a) hereof.

“Bloomberg” means Bloomberg Index Services Limited (or a successor administrator).

“Business Day” means any day other than a Saturday or Sunday or legal holiday on which commercial banks are authorized or required to close for business in Bakersfield, California or New York, New York; *provided* that, when used in connection with an amount that bears interest at a rate based on SOFR or any direct or indirect calculation or determination involving SOFR, the term *“Business Day”* means any such day that is also a U.S. Government Securities Business Day.

“Cash Equivalents” means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year from the date of acquisition thereof, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one (1) year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody’s, (c) commercial paper maturing within one (1) year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody’s, (d) certificates of deposit, time deposits, overnight bank deposits or bankers’ acceptances maturing within one (1) year from the date of acquisition thereof issued by any bank organized under the laws of the United States or any state thereof or the District of Columbia having at the date of acquisition thereof combined capital and surplus of not less than \$250,000,000, (e) deposit accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws

of the United States or any state thereof so long as the full amount maintained with any such other bank is fully insured by the Federal Deposit Insurance Corporation, (f) repurchase obligations of any commercial bank satisfying the requirements of clause (d) of this definition or recognized securities dealer having combined capital and surplus of not less than \$250,000,000, having a term of not more than seven (7) days, with respect to securities satisfying the criteria in clauses (a) or (d) above, provided all such agreements require physical delivery of the securities securing such repurchase agreement, except those delivered through the Federal Reserve Book Entry System, and (g) investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (f) above.

“Change in Law” means the occurrence, after the Closing Date, of any of the following: (i) the adoption or taking effect of any Law, (ii) any change in any Law or in the administration, interpretation, implementation or application thereof by any Official Body or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of Law) by any Official Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of Law), in each case pursuant to Basel III or any future Basel accord, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

“Closing Date” means February 29, 2024, which, subject to the satisfaction, or waiver by the Bank, of the conditions precedent set forth in Section 6.2 hereof is the date on which this Agreement shall become effective or such later Business Day upon which the conditions precedent set forth in Section 6.2 hereof shall have been satisfied in a manner acceptable to the Bank in its sole discretion or waived by the Bank in its sole discretion.

“Code” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“Collateral” has the meaning set forth in the Security Agreement.

“Commitment” means \$30,000,000.

“Compliance Authority” means (a) the United States government or any agency or political subdivision thereof, including, without limitation, the U.S. Department of State, the U.S. Department of Commerce, the U.S. Department of the Treasury and its Office of Foreign Assets Control, and the U.S. Customs and Border Protection agency; (b) the government of Canada or any agency thereof; (c) the European Union or any agency thereof; (d) the government of the United Kingdom or any agency thereof; (e) the United Nations Security Council; and (f) any other Official Body with jurisdiction to administer Anti-Corruption Laws, Anti-Money Laundering Laws or International Trade Laws with respect to the conduct of a Covered Compliance Entity.

“Compliance Certificate” means a compliance certificate substantially in the form of Exhibit C attached hereto.

“County” means Kern County, California.

“County Resolution” has the meaning set forth in Section 6.2(a)(i) hereof.

“Covered Compliance Entity” means (a) the Authority and the Authority’s Subsidiaries, if any, and (b) each Person that, directly or indirectly, controls a Person described in clause (a) above.

“Daily Simple SOFR” means, for any day (a *“SOFR Rate Day”*), the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, at the Bank’s discretion, to the nearest 1/100th of 1%) (A) SOFR for the day (the *“SOFR Determination Date”*) that is 2 Business Days prior to (i) such SOFR Rate Day if such SOFR Rate Day is a Business Day or (ii) the Business Day immediately preceding such SOFR Rate Day if such SOFR Rate Day is not a Business Day, by (B) a number equal to 1.00 minus the SOFR Reserve Percentage, in each case, as such SOFR is published by the NYFRB (or a successor administrator of the secured overnight financing rate) on the website of the NYFRB, currently at <http://www.newyorkfed.org>, or any successor source identified by the NYFRB or its successor administrator for the secured overnight financing rate from time to time. If Daily Simple SOFR as determined above would be less than the Floor, then Daily Simple SOFR shall be deemed to be the Floor. If SOFR for any SOFR Determination Date has not been published or replaced with a Benchmark Replacement (as defined below) by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the second Business Day immediately following such SOFR Determination Date, then SOFR for such SOFR Determination Date will be SOFR for the first Business Day preceding such SOFR Determination Date for which SOFR was published in accordance with the definition of *“SOFR”*; *provided* that SOFR determined pursuant to this sentence shall be used for purposes of calculating Daily Simple SOFR for no more than 3 consecutive SOFR Rate Days. If and when Daily Simple SOFR as determined above changes, any applicable rate of interest based on Daily Simple SOFR will change automatically without notice to the Authority, effective on the date of any such change.

“Daily SOFR Portion” has the meaning set forth in Section 3.1(a) hereof.

“Debt” means, at any date, without duplication, (a) all obligations of the Authority for borrowed money, (b) all obligations of the Authority evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of the Authority to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of the Authority as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of the Authority, whether or not such Debt is assumed by the Authority, (f) all guarantees by the Authority of Debt of other Persons and (g) all obligations of the Authority under any Swap Agreement; *provided, however*, that Debt shall not mean any obligation of the Authority or Kern Medical Center with respect to any advance provided to the Authority or Kern Medical Center by a Governmental Authority in connection with an intergovernmental transfer arrangement between the Authority, on behalf of itself and/or Kern Medical Center, and a Governmental Authority.

“Debt Service Coverage Ratio” means, net income plus interest expense plus depreciation and amortization plus unrealized investment losses minus unrealized investment gains plus/minus other non-cash charges divided by interest expense plus current maturities of long term debt (and, for the avoidance of doubt, Loans under this Agreement shall not constitute long-term debt).

“Default” means any event or condition which, with notice, the passage of any timeframe specifically set forth in this Agreement (including, without limitation, the events described in Section 8.1(c), 8.1(d), 8.1(j), and 8.1(m) hereof) or any of the Loan Documents, as applicable, or any combination of the foregoing, would constitute an Event of Default.

“Default Rate” means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus three percent (3.00%).

“Deposit Account Control Agreement” means the Deposit Account Control Agreement dated March 1, 2019, by and among the Authority, the Bank and PNC Bank, National Association, as depository bank, as amended, supplemented, modified or restated from time to time in accordance with the terms hereof and thereof.

“Depository Bank” means Wells Fargo Bank, National Association.

“Dollar” or *“\$”* means lawful money of the United States.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“Event of Default” means any event or condition set forth in Section 8.1 hereof.

“Excess Interest” has the meaning set forth in Section 3.10 hereof.

“Excluded Taxes” means, with respect to the Bank, or any other recipient of any payment to be made by or on account of any Obligation of the Authority hereunder, Taxes imposed on or measured by its overall net income (however denominated), franchise Taxes and branch profit Taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is incorporated or is organized or in which its principal office is located or, in the case of the Bank, in which its applicable Lending Office is located.

“Existing Agreement” has the meaning set forth in the recitals hereof.

“Fiscal Year” means the twelve month period from July 1 through the following June 30.

“Floor” means a rate of interest equal to 0 basis points (0.00%).

“FRB” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“General Intangibles” has the meaning set forth in the Uniform Commercial Code of the State.

“Generally Accepted Accounting Principles” or *“GAAP”* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Authority.

“Government Official” means any officer, employee, official, representative, or any Person acting for or on behalf of any Official Body, government-owned or government-controlled association, organization, business, or enterprise, or public international organization, any political party or official thereof and any candidate for political office.

“Governmental Approval” means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervisory Practices or any successor or similar authority to any of the foregoing).

“Governmental Payor Program” means any “federal health care program” as defined in 42 U.S.C. §1320a-7b(f), which includes (as applicable) Medicare, Medicaid, TRICARE, CHAMPVA and any “state health care program” as defined in 42 U.S.C. §1320a-7(h).

“Governmental Receivables” means any receivables of the Authority derived from any Governmental Payor Program.

“Governmental Receivables Collection Account” means the account of the Authority maintained at the Bank into which all Governmental Receivables of the Authority will be deposited.

“Gross Receivables” has the meaning set forth in the Security Agreement.

“Health Care Laws” means all relevant federal and state laws regulating health services or payment, including, but not limited to, Section 1128B(b) and Section 1877 of the Social Security Act, the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the Stark Law (42 U.S.C. § 1395nn), the Anti-Inducement Law (42 U.S.C. § 1320a-7a(a)(5)), the civil False Claims Act (31 U.S.C. § 3729 *et seq.*), the administrative False Claims Law (42 U.S.C. § 1320a-7b(a)), the exclusion laws (42 U.S.C. § 1320a-7), the civil monetary penalty laws (42 U.S.C. § 1320a-7a), the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. §§ 1320d-1320d-8), Medicare, Medicaid, and any other state or federal law, regulation, guidance document, manual provision, program memorandum, opinion letter, or other issuance which regulates kickbacks, patient or program charges, recordkeeping, referrals, the hiring of employees or acquisition of services or supplies from those who have been excluded from government health care programs, quality, safety, privacy, security, licensure, accreditation, or any other aspect of providing health care.

“Health Care Reportable Event” means (a) the Authority becomes subject to any civil or criminal investigations, or any material inquiries, validation reviews, program integrity reviews, reimbursement audits or statements of deficiencies, involving and/or related to its compliance with Health Care Laws that, in the reasonable judgment of the Authority, is reasonably likely to be determined in a manner that is adverse to the Authority, and the result of which could reasonably be expected to materially impair the ability of the Authority to satisfy its payment obligations hereunder and under the other Loan Documents; (b) any material exclusion, voluntary disclosure, notice of claim to recover material overpayments, revocation, suspension, termination, probation, restriction, limitation, denial, or non-renewal affecting the Authority with respect to any material Program; or (c) the occurrence of any reportable event under any settlement agreement or corporate integrity agreement involving and/or related to its compliance with Health Care Laws entered into with any Governmental Authority.

“Indemnified Taxes” means Taxes imposed on or with respect to any payment made by or on account of any obligation of the Authority under any Loan Document, other than Excluded Taxes and Other Taxes.

“International Trade Laws” means all Laws relating to economic and financial sanctions, trade embargoes, export controls, customs and anti-boycott measures.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lending Office” means the office or offices of the Bank or such other office or offices as the Bank may from time to time notify the Authority in writing.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” and *“Loans”* has the meaning set forth in Section 2.2 hereof.

“Loan Documents” means this Agreement, the Security Agreement, the Deposit Account Control Agreement, the Bank Note, the Authority Documents and each other instrument or document to be delivered hereunder or thereunder or otherwise in connection therewith.

“Margin Stock” has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

“Material Adverse Effect” means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Authority; (b) a material impairment of the ability of the Authority to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Authority of any Loan Document to which it is a party.

“Maximum Rate” means the maximum non-usurious lawful rate of interest permitted by applicable law.

“Medicaid” means, collectively, the health care assistance program established by Title XIX of the Social Security Act (42 U.S.C. §§ 1396 *et seq.*) and any statutes succeeding thereto, and all laws, rules, regulations, manuals, orders, guidelines or requirements pertaining to such program including (a) all federal statutes (whether set forth in Title XIX of the Social Security Act or elsewhere) affecting such program; (b) all state statutes and plans for medical assistance enacted in connection with such program and federal rules and regulations promulgated in connection with such program; and (c) all applicable provisions of all rules, regulations, manuals, orders and administrative and reimbursement guidelines and requirements of all government authorities promulgated in connection with such program (whether or not having the force of law), in each case, as the same may be amended, supplemented or otherwise modified from time to time.

“Medicare” means, collectively, the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. §§ 1395 *et seq.*) and any statutes succeeding thereto, and all laws, rules, regulations, manuals, orders or guidelines pertaining to such program including (a) all federal statutes (whether set forth in Title XVIII of the Social Security Act or elsewhere) affecting such program; and (b) all applicable provisions of all rules, regulations, manuals, orders and administrative and reimbursement guidelines and requirements of all governmental authorities promulgated in connection with such program (whether or not having the force of law), in each case, as the same may be amended, supplemented or otherwise modified from time to time.

“*NYFRB*” means the Federal Reserve Bank of New York.

“*Obligations*” means all obligations of the Authority to pay the principal of and interest on the Loans, all fees and charges payable hereunder, and all other payment obligations of the Authority arising under or in relation to any Loan Document, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held, or acquired.

“*Official Body*” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“*Other Taxes*” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

“*Overnight Bank Funding Rate*” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“*NYFRB*”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Bank for the purpose of displaying such rate); *provided*, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; *provided, further*, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Authority.

“*Participant*” has the meaning set forth in Section 9.16(c) hereof.

“*Patriot Act*” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

“*Permit*” means any permit, approval, authorization, certification, license, variance, accreditation or permission required from a Governmental Authority under an applicable law or any accrediting organization.

“Person” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“Plan” means, with respect to the Authority at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or has within the preceding five plan years been maintained, by the Authority for employees of the Authority of which the Authority is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which the Authority is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Portion” has the meaning set forth in Section 3.1(a) hereof.

“Prime Rate” means the interest rate per annum announced from time to time by the Bank at its principal office as its then prime rate, which rate may not be the lowest or most favorable rate then being charged commercial borrowers or others by the Bank. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

“Program” has the meaning set forth in Section 5.5(c) hereof.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Reportable Compliance Event” means that (a) any Covered Compliance Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint, or similar charging instrument, arraigned, custodially detained, penalized or the subject of an assessment for a penalty, by, or enters into a settlement with an Official Body in connection with any Anti-Corruption Law, Anti-Money Laundering Law or International Trade Law, or any predicate crime to any Anti-Corruption Law, Anti-Money Laundering Law or International Trade Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations represents a violation of any Anti-Corruption Law, Anti-Money Laundering Law or International Trade Law; (b) any Covered Compliance Entity engages in a transaction that has caused or may cause any Person hereunder (including the Bank, and any underwriter, advisor, investor, or otherwise) to be in violation of any International Trade Law or Anti-Corruption Law, including a Covered Compliance Entity’s use of any proceeds of the Loans to directly or indirectly fund any activities or business of, with, or for the benefit of any Person that is a Sanctioned Person, or to fund or facilitate any activities or business of or in any Sanctioned Jurisdiction; or (c) any Covered Compliance Entity otherwise violates, or reasonably believes that it will violate, any of the International Trade Law- or Anti-Corruption Law-specific representations and covenants herein.

“Revolving Credit” has the meaning set forth in Section 2.1 hereof.

“Sanctioned Jurisdiction” means, at any time, a country, area, territory, or jurisdiction that is the subject or target of comprehensive U.S. sanctions.

“Sanctioned Person” means any Person that is (a) located in, organized under the laws of, or ordinarily resident in a Sanctioned Jurisdiction; (b) identified on any sanctions-related list maintained by any Compliance Authority; or (c) owned 50% or more, in the aggregate, directly or indirectly by, controlled by, or acting for, on behalf of, or at the direction of, one or more Persons described in clauses (a) or (b) above.

“Scheduled Maturity Date” means February 28, 2025, as such date may be extended in accordance with Section 3.11 hereof.

“Security Agreement” means the Security Agreement dated March 1, 2019, between the Authority and the Bank, as amended, supplemented, modified or restated from time to time in accordance with its terms.

“Social Security Act” means the Social Security Act of 1965, as amended.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the NYFRB (or a successor administrator of the secured overnight financing rate).

“SOFR Adjustment” means ten basis points (0.10%).

“SOFR Reserve Percentage” means, for any day, the maximum effective percentage in effect on such day, if any, as prescribed by the FRB for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to SOFR funding.

“Solvent” means, with respect to any Person, that as of the date of determination (without duplication) both (i) (a) the sum of such Person’s debt (including contingent liabilities) does not exceed all of its property, at a fair valuation; (b) the Person is able to pay the probable liabilities on such Person’s then existing debts as they become absolute and matured; (c) such Person’s capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction; and (d) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due; and (ii) such Person is “solvent” within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (discounted to present value at rates believed to be reasonable by such Person acting in good faith).

“State” means the State of California.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or

more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

“Support Agreement” means that certain Agreement for Health Care Services, Finance and Support dated July 1, 2016, by and between the County of Kern and the Authority, as amended, modified, supplemented or restated in accordance with the terms thereof and hereof.

“Swap Agreement” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), and (c) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange master agreement, or any other master agreement (any such master agreement, together with any related schedules, a *“Master Agreement”*), including any such obligations or liabilities under any Master Agreement.

“Taxes” means any and all present or future taxes, duties, levies, imposts, deductions, fees, assessments, charges or withholdings, and any and all liabilities with respect to the foregoing, including interest, additions to tax and penalties applicable thereto.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Bank in its reasonable discretion).

“Term SOFR Interest Period” means, with respect to any Loan bearing interest by reference to the Term SOFR Rate, a one-month interest period (in each case, subject to the availability thereof), commencing on the date of disbursement of such Loan and each successive period selected by the Authority thereafter:

(a) if a Term SOFR Interest Period would end on a day that is not a Business Day, it shall end on the next succeeding Business Day unless such day falls in the next succeeding calendar month in which case the Term SOFR Interest Period shall end on the next preceding Business Day;

(b) The Authority may not select a Term SOFR Interest Period that would end on a day after the Scheduled Maturity Date; and

(c) any Term SOFR Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Term SOFR Interest Period) shall end on the last Business Day of the last calendar month of such Term SOFR Interest Period.

“Term SOFR Portion” has the meaning set forth in Section 3.1(a) hereof.

“Term SOFR Rate” means, for any Term SOFR Interest Period, the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, at the Bank’s discretion, to the nearest 1/100th of 1%) (A) the Term SOFR Reference Rate for a tenor comparable to such Term SOFR Interest Period, as published by the Term SOFR Administrator on the day (the *“Term SOFR Determination Date”*) that is two (2) Business Days prior to the first day of such Term SOFR Interest Period, by (B) a number equal to 1.00 minus the SOFR Reserve Percentage. If the Term SOFR Reference Rate for the applicable tenor has not been published or replaced with a Benchmark Replacement (as defined in Section 3.5 hereof) by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the Term SOFR Determination Date, then the Term SOFR Reference Rate, for purposes of clause (A) in the preceding sentence, shall be the Term SOFR Reference Rate for such tenor on the first Business Day preceding such Term SOFR Determination Date for which such Term SOFR Reference Rate for such tenor was published in accordance herewith, so long as such first preceding Business Day is not more than three (3) Business Days prior to such Term SOFR Determination Date. If the Term SOFR Rate, determined as provided above, would be less than the Floor, then the Term SOFR Rate shall be deemed to be the Floor. The Term SOFR Rate shall be adjusted automatically without notice to the Authority on and as of (i) the first day of each Term SOFR Interest Period, and (ii) the effective date of any change in the SOFR Reserve Percentage.

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Termination Date” means the earlier to occur of (i) the Scheduled Maturity Date or (ii) such earlier date on which the Commitment is terminated in whole pursuant to Section 8.2 or 8.3 hereof or otherwise terminated in whole as requested in writing by the Authority.

“U.S. Government Securities Business Day” means any day except for (A) a Saturday or Sunday or (B) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

Section 1.2. Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words *“include,” “includes”* and *“including”* shall be deemed to be followed by the phrase *“without limitation.”* The word *“will”* shall be construed to have the same meaning and effect as the word *“shall.”* Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words *“hereto,” “herein,” “hereof”* and *“hereunder,”* and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any

particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “*asset*” and “*property*” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “*from*” means “*from and including*,” the words “*to*” and “*until*” each mean “*to but excluding*,” and the word “*through*” means “*to and including*.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

Section 1.3. Accounting Terms.

(a) *Generally.* All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, *except* as otherwise specifically prescribed herein.

(b) *Changes in GAAP.* If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Authority or the Bank shall so request, the Bank and the Authority shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; *provided that*, until so amended, (A) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (B) the Authority shall provide to the Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

Section 1.4. Rounding. Any financial ratios required to be maintained by the Authority pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.5. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to New York time (daylight or standard, as applicable).

SECTION 2. THE CREDITS.

Section 2.1. Revolving Credit. Subject to the terms and conditions hereof, the Bank agrees to extend a revolving credit (the “*Revolving Credit*”) to the Authority which may be availed of by the Authority from time to time during the period from and including the date hereof to but not including the Termination Date, at which time the commitment of the Bank to extend credit under the Revolving Credit shall expire. The Revolving Credit may be utilized by the Authority in the form of Loans, as more fully hereinafter set forth, provided that the aggregate principal amount of all Loans outstanding at any one time shall not exceed the Commitment. During the period from and including the date hereof to but not including the Termination Date, the Authority may use the Commitment by borrowing, repaying, and reborrowing Loans in whole or in part, all in accordance with the terms and conditions of this Agreement.

Section 2.2. Revolving Credit Loans. Subject to the terms and conditions hereof, the Revolving Credit may be availed of by the Authority in the form of loans under the Commitment (individually a “*Loan*” and collectively the “*Loans*”). Each Loan shall be in a minimum amount of \$100,000 and integral multiples of \$5,000 in excess thereof. The Loans shall be made against and evidenced by the Bank Note. The Bank Note shall be issued pursuant to the terms of this Agreement, be dated the date of issuance thereof and be expressed to bear interest as set forth in Section 3 hereof. All Loans shall mature and are due and payable in full on the Termination Date. Without regard to the principal amount of the Bank Note stated on its face, the actual principal amount at any time outstanding and owing by the Authority hereunder and on the Bank Note shall be the sum of all Loans made hereunder less all payments of principal actually received by the Bank.

Section 2.3. Manner and Disbursement of Loans. An Authorized Representative of the Authority shall give written, electronic or telephonic notice to the Bank (which notice shall be irrevocable once given and, if given by telephone, shall be promptly confirmed in writing) by no later than 11:00 a.m. (New York time) (a) on the date that is three (3) Business Days prior to the proposed date on which the Authority requests the Bank to make a Loan hereunder, if such Loan constitutes a Term SOFR Portion, and (b) on the date of the requested Loan, if such Loan constitutes a Daily SOFR Portion; *provided* that, in event the Base Rate becomes applicable pursuant to the terms hereof, such notice of a request for any Loan that will bear interest at the Base Rate shall be provided by no later than 11:00 a.m. (New York time) on the proposed date on which the Authority requests the Bank to make such Loan hereunder. Each such notice shall be substantially in the form of Exhibit B hereto with respect to a request for a Loan (such notice herein referred to as a “*Notice of Loan*”) and shall specify (i) the proposed date on which the Authority requests the Bank to make a Loan hereunder (which shall be a Business Day), (ii) the aggregate amount of the proposed Loan, and whether such Loan is being requested as a Term SOFR Rate Portion or Daily SOFR Portion; *provided, however*, that if no such election is made by the Authority, such Loan shall constitute a Term SOFR Rate Portion. Each Loan shall initially constitute a Loan bearing interest with reference to either the Term SOFR Rate for the applicable Term SOFR Interest Period or Daily Simple SOFR for each day, as selected by the Authority in

the relevant Notice of Loan (or, to the extent the Base Rate is otherwise in effect pursuant to the terms hereof, with reference to the Base Rate). The Authority agrees that the Bank may rely upon any written, electronic or telephonic notice given by any person the Bank in good faith believes is an Authorized Representative without the necessity of independent investigation and, in the event any telephonic notice conflicts with the written confirmation, such telephonic notice shall govern if the Bank has acted in reliance thereon. Subject to the provisions of Section 6 hereof, the Bank shall make funds available to the Authority by wire transfer pursuant to the wire instructions set forth in the request for a Loan (or as otherwise directed in writing to the Bank) not later than 3:00 p.m. (New York time) on the date requested or otherwise requested to be made pursuant to the terms hereof. With respect to any request for a Loan received by the Bank after the time required by this Section 2.3, the Bank shall be required to make such Loan by 3:00 p.m. (New York time) on the Business Day following the Business Day on which the Bank would otherwise be required to make such Loan had such request been timely presented. Once submitted to the Bank each such request shall be irrevocable.

SECTION 3. INTEREST AND CHANGE IN CIRCUMSTANCES.

Section 3.1. Interest Rate. (a) *Generally.* The outstanding principal balance of the Loans (all of the indebtedness evidenced by the Bank Note bearing interest at the same rate for the same period of time being hereinafter referred to as a “*Portion*”) shall bear interest with reference to either (i) the Term SOFR Rate (the “*Term SOFR Rate Portion*”) or (ii) Daily Simple SOFR (the “*Daily SOFR Portion*”); *provided, however*, that in the event the Base Rate becomes applicable pursuant to the terms hereof, all Loans shall bear interest at a rate per annum equal to the Base Rate from time to time in effect (the “*Base Rate Portion*”). The Authority hereby promises to pay interest on each Portion of the Bank Note at the rates and times specified in this Section 3.

(b) *Term SOFR Rate Portion.* The Term SOFR Rate Portion shall bear interest at the Adjusted Term SOFR Rate; *provided* that if the Term SOFR Rate Portion is not paid when due (whether by lapse of time, acceleration, or otherwise), and from and after the occurrence and during the continuance of any other Event of Default, such Term SOFR Rate Portion shall automatically be converted into and added to the Base Rate Portion and shall thereafter bear interest, whether before or after judgment until payment in full thereof, at the rate per annum equal to the Default Rate from time to time in effect. Interest on the Term SOFR Rate Portion shall be payable on the last day of the respective Term SOFR Interest Period applicable thereto and on the Termination Date, and interest after maturity of the Bank Note and all payment obligations evidenced thereby (whether by lapse of time, acceleration, or otherwise) shall be due and payable upon demand. Provided that no Default or Event of Default has occurred and is continuing, and subject to the terms and conditions hereof, at the end of any Term SOFR Interest Period applicable to any Loan, the Authority may renew and continue the Adjusted Term SOFR Rate applicable to such Loan for an additional one-month Term SOFR Interest Period or convert such Loan into a Loan constituting a Daily SOFR Portion. The Authority shall notify the Bank in writing of each election to either continue the relevant Adjusted Term SOFR Rate for an additional Term SOFR Interest Period by 11:00 a.m. (New York time) or to convert such Loan into a Loan constituting a Daily SOFR Portion, in each case, at least three (3) Business Days prior to the end of the Term SOFR Interest Period then in effect. If no election to renew, convert or continue any Term SOFR Rate Portion,

the Authority shall be deemed to have elected to continue such Loan for an additional Term SOFR Interest Period.

(c) *Daily SOFR Portion.* The Daily SOFR Portion shall bear interest at Adjusted Daily Simple SOFR; *provided* that if the Daily SOFR Portion is not paid when due (whether by lapse of time, acceleration, or otherwise), and from and after the occurrence and during the continuance of any other Event of Default, such Daily SOFR Portion shall automatically be converted into and added to the Base Rate Portion and shall thereafter bear interest, whether before or after judgment until payment in full thereof, at the rate per annum equal to the Default Rate from time to time in effect. Interest on the Daily SOFR Portion shall be payable monthly in arrears on the first Business Day of each calendar month in each year (commencing on the first such date occurring after the date hereof) and on the Termination Date, and interest after maturity of the Bank Note and all payment obligations evidenced thereby (whether by lapse of time, acceleration, or otherwise) shall be due and payable upon demand. Provided that no Default or Event of Default has occurred and is continuing, and subject to the terms and conditions hereof, the Authority may convert any Daily SOFR Portion into a Term SOFR Portion at any time so long as the Authority notifies the Bank in writing of any such election by 11:00 a.m. on the date of any such proposed conversion.

(d) *Base Rate Portion.* There shall be no Base Rate Portion, unless otherwise specifically required pursuant to the terms of this Agreement. The Base Rate Portion shall bear interest at the rate per annum equal to the Base Rate as in effect from time to time, *provided* that if the Base Rate Portion or any part thereof is not paid when due (whether by lapse of time, acceleration, or otherwise), and during the existence of any other Event of Default, such Base Rate Portion shall bear interest, whether before or after judgment until payment in full thereof, at the rate per annum equal to the Default Rate from time to time in effect, payable on demand. Interest on the Base Rate Portion shall be payable monthly in arrears on the first Business Day of each calendar month in each year (commencing on the first such date occurring after the date hereof) and at maturity of the Bank Note, and interest after maturity (whether by lapse of time, acceleration, or otherwise) shall be due and payable upon demand. Any change in the interest rate on the Base Rate Portion resulting from a change in the Base Rate shall be effective on the date of the relevant change in the Base Rate.

Section 3.2. Repayment of Loans. The Authority shall repay to the Bank on the Termination Date the aggregate principal amount of Loans outstanding on such date.

Section 3.3. Computation of Interest. All interest on any Loans with reference to the Base Rate hereunder shall be computed on the basis of a year of 365 days for the actual number of days elapsed, and all interest on any Loans with reference to the Term SOFR Rate or Daily Simple SOFR and all fees payable hereunder shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Section 3.4. Change in Law. Notwithstanding any other provisions of this Agreement or the Bank Note, if any change shall occur in applicable laws, treaties, or regulations, or in the interpretation or administration thereof, that makes it unlawful for the Bank to create, convert to or continue to maintain any Term SOFR Rate Portion or Daily SOFR Portion, as applicable, the Bank shall promptly so notify the Authority and the obligation of the Bank to create, continue,

convert or maintain any such Term SOFR Rate Portion or Daily SOFR Portion, as applicable, under this Agreement shall be suspended until it is no longer unlawful for the Bank to create, continue, convert to or maintain such Term SOFR Rate Portion or Daily SOFR portion, as applicable. If the continued maintenance of any such Term SOFR Rate Portion or Daily SOFR Portion, as applicable is unlawful, the Authority shall prepay on demand to the Bank the outstanding principal amount of the affected Term SOFR Rate Portion or Daily SOFR Portion, as applicable, together with all interest accrued thereon and all other amounts payable to the Bank with respect thereto under this Agreement; *provided, however*, the Authority may elect to convert the principal amount of the affected Term SOFR Rate Portion or Daily SOFR Portion, as applicable, into the Base Rate Portion, subject to the terms and conditions of this Agreement.

Section 3.5. Conforming Changes; Benchmark Replacement Provisions. (a) The Bank shall have the right to make any technical, administrative or operational changes from time to time that the Bank decides may be appropriate to reflect the adoption and implementation of SOFR or any other Benchmark (as defined below) or to permit the use and administration thereof by the Bank in a manner substantially consistent with market practice or in such other manner as the Bank decides is reasonably necessary. Notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such technical, administrative or operational changes will become effective without any further action or consent of the Authority. The Bank shall provide notice to the Authority of any such amendment reasonably promptly after such amendment becomes effective.

(b) If the applicable interest rate is based on a Benchmark and the Bank determines (which determination shall be final and conclusive) that (A) such Benchmark cannot be determined pursuant to its definition other than as a result of a Benchmark Transition Event (as defined below), or (B) any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impracticable for the Bank to make or maintain or fund loans based on that Benchmark, then the Bank shall give notice thereof to the Authority. Thereafter, until the Bank notifies the Authority that the circumstances giving rise to such determination no longer exist, (a) the availability of any Benchmark shall be suspended, and (b) any Loans bearing interest by reference to the Term SOFR Rate or Daily Simple SOFR shall be converted to bear interest at the Base Rate either (i) on the last day of the then current applicable interest period(s) if the Bank may lawfully continue to maintain or fund loans based on such Benchmark to such day, or (ii) immediately if the Bank may not lawfully continue to maintain or fund loans based on such Benchmark.

(c) Notwithstanding anything to the contrary herein or in any other Loan Document, if the Bank determines (which determination shall be final and conclusive) that a Benchmark Transition Event has occurred with respect to a Benchmark, the Bank may amend this Agreement to replace such Benchmark with a Benchmark Replacement (as defined below); and any such amendment shall be in writing, shall specify the date that the Benchmark Replacement is effective and will not require any further action or consent of the Authority. Until the Benchmark Replacement is effective, amounts bearing interest with reference to a Benchmark will continue to

bear interest with reference to such Benchmark as long as such Benchmark is available, and otherwise such amounts automatically will bear interest at the Base Rate. The Bank shall provide notice to the Authority of any such amendment reasonably promptly after such amendment becomes effective.

(d) For purposes of this Section, the following terms have the meanings set forth below:

“*Benchmark*” means, at any time, any interest rate index (or tenor of an interest rate index) then used in the determination of an interest rate under the terms of this Agreement. Once a Benchmark Replacement becomes effective under this Agreement, it is a Benchmark. For example, Daily Simple SOFR and the Term SOFR Rate are each a Benchmark under this Agreement.

“*Benchmark Replacement*” means, for any Benchmark, the sum of (a) an alternate benchmark rate and (b) an adjustment (which may be a positive or negative value or zero), in each case that has been selected by the Bank as the replacement for such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the official sector or any official sector-sponsored committee or working group, for U.S. dollar-denominated credit facilities at such time; *provided that*, if the Benchmark Replacement as determined pursuant to the foregoing would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“*Benchmark Transition Event*” means a public statement or publication by or on behalf of the administrator of a Benchmark, the regulatory supervisor of such administrator, the Board of Governors of the Federal Reserve System, NYFRB, an insolvency official or resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that at the time of such statement or publication there is no successor administrator that will continue to provide such Benchmark or (b) such Benchmark is or will no longer be representative.

Section 3.6. Increased Costs; Capital Adequacy.

(a) *Yield Protection.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge, liquidity ratio or similar requirement against assets held by, or deposits in or for the account of, or loans by, or any other acquisition of funds or disbursements by, the Bank which is not in any instance already accounted for in computing the interest rate applicable to the Loan;

(ii) subject the Bank to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) change the basis of taxation of payments of principal and interest due from the Authority to the Bank hereunder or under the Bank Note (other than by a change in taxation of the overall net income or gross receipts of the Bank); or

(iv) impose on the Bank or the applicable interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by the Bank or participation therein;

and the result of any of the foregoing shall be to increase the cost to the Bank of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to reduce the amount of any sum received or receivable by the Bank hereunder (whether of principal, interest or any other amount) then, upon request of the Bank, the Authority will pay to the Bank such additional amount or amounts as will compensate the Bank for such additional costs incurred or reduction suffered.

(b) *Changes in Capital Adequacy Regulations.* If the Bank determines that any Change in Law affecting the Bank or any Lending Office of the Bank or such Bank's parent or holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Bank's capital or on the capital of the Bank's parent or holding company, if any, as a consequence of this Agreement, the Commitment or the Loans made by the Bank, to a level below that which the Bank or the Bank's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's policies and the policies of the Bank's parent or holding company with respect to capital adequacy and/or liquidity), then from time to time the Authority will pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's parent or holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Bank setting forth the amount or amounts necessary to compensate the Bank or its parent or holding company, as the case may be, as specified in Sections 3.6(a) and 3.6(b) and delivered to the Authority shall set forth in reasonable detail the reasons for the increased costs or reductions and shall be conclusive absent manifest error. The Authority shall pay the Bank the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of the Bank or any such Participant to demand compensation pursuant to this Section 3.6 shall not constitute a waiver of the Bank's or any such Participant's right to demand such compensation; provided, however, the Authority shall not be required to compensate the Bank or any Participant pursuant to this Section 3.6 in an amount greater than that which it would have been required to pay if the Bank had not sold any participation in the Bank Note, or (ii) for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Bank or any Participant, as the case may be, notifies the Authority of the Change in Law giving rise to such increased costs or reductions, and the Bank's or any Participant's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 3.7. Taxes. (a) Any and all payments by or on account of any obligation of the Authority under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law requires the deduction or withholding of any Tax from any such payment, then the Authority shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax or Other Tax, then the sum payable by the Authority shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.7) the Bank receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Authority shall timely pay to the relevant Governmental Authority in accordance with applicable law or at the option of the Bank timely reimburse it for the payment of, any Other Taxes.

(c) The Authority shall indemnify the Bank, within fifteen (15) days after demand therefor, for the full amount of any Indemnified Taxes and Other Taxes (including Indemnified Taxes and Other Taxes imposed or asserted on or attributable to amounts payable under this Section 3.7) payable or paid by the Bank or required to be withheld or deducted from a payment to the Bank and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes and Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Authority by the Bank shall be conclusive (absent manifest error).

(d) As soon as practicable after any payment of Taxes by the Authority to a Governmental Authority pursuant to this Section 3.7, the Authority shall deliver to the Bank the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Bank.

(e) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.7 (including by the payment of additional amounts pursuant to this Section 3.7), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 3.7 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (e) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the indemnified party in a less favorable net after-tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make

available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(f) Each party's obligations under this Section 3.7 shall survive the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 3.8. Lending Branch. The Bank may, at its option, elect to make, fund or maintain the Loans hereunder at such of its branches or offices as the Bank may from time to time elect, so long as such designation is not otherwise disadvantageous to the Authority. To the extent reasonably possible, the Bank shall designate an alternate branch or funding office with respect to the Daily SOFR Portions or Term SOFR Rate Portions to reduce any liability of the Authority to the Bank under Section 3.6 or 3.7 hereof or to avoid the unavailability of an interest rate option under Section 3.5 hereof, so long as such designation is not otherwise disadvantageous to the Bank.

Section 3.9. Discretion of Bank as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, the Bank shall be entitled to fund and maintain its funding of all or any part of the Loans hereunder in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder (including, without limitation, determinations under Sections 3.5, 3.6 or 3.7 hereof) shall be made as if the Bank had actually funded and maintained each Daily SOFR Portion or Term SOFR Rate Portion through the purchase of deposits in the relevant market in the amount of such Daily SOFR Portion or Term SOFR Rate Portion.

Section 3.10. Maximum Rate; Payment of Fee. If the rate of interest payable hereunder or under the Bank Note shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period, and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof, and (B) the Maximum Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder and under the Bank Note, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder and under the Bank Note until all deferred Excess Interest is fully paid to the Bank. Upon the termination of this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder and under the Bank Note, the Authority shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

Section 3.11. Extension of Scheduled Maturity Date. At least sixty (60) days prior to the Scheduled Maturity Date, the Authority may make a request to the Bank, upon written notice, to extend the Scheduled Maturity Date. Not more than thirty (30) days from the date on which the Bank shall have received any such notice from the Authority pursuant to the preceding sentence, the Bank shall notify the Authority of the initial consent or non-consent of the Bank to such extension request, which consent shall be given at the sole and absolute discretion of the Bank. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and

delivery of documentation in form and substance satisfactory to the Bank which may include, but not be limited to, the delivery of an opinion of counsel to the Authority. Failure of the Bank to respond to a request for extension of the Scheduled Maturity Date shall constitute denial of such extension.

SECTION 4. FEES, PREPAYMENTS, TERMINATIONS AND APPLICATIONS.

Section 4.1. Fees. (a) *Commitment Fee.* For the period from and including the date hereof to but not including the Termination Date, the Authority shall pay to the Bank a non-refundable commitment fee at the rate per annum equal to twenty-five basis points (0.25%) for each day in the related fee period from time to time in effect (computed on the basis of a year of 360 days for the actual number of days elapsed) on the unused portion of the Commitment for each day in the related fee period. Such commitment fee shall be payable quarterly in arrears on the first Business Day of each April, July, October and January in each year (commencing on the first such date occurring after the date hereof) and on the Termination Date.

(b) *Amendment, Waiver and Consent Fee.* The Authority hereby agrees to pay to the Bank on the date of any amendment, waiver or consent with respect to this Agreement or any Loan Document an amendment, waiver or consent fee, as applicable, of \$2,500 or such other reasonable amount as determined by the Bank, plus, in each case, the reasonable fees of any legal counsel retained by the Bank in connection therewith.

Section 4.2. Voluntary Prepayments. The Authority shall have the privilege of prepaying the Loans in whole or in part (but, if in part, then in an amount not less than \$100,000 and such greater amount which is an integral multiple of \$5,000 in excess thereof), and in each case, in an amount such that the outstanding balance of such Loan after such prepayment is not less than the minimum amount required for a Loan pursuant to Sections 2.2 hereof, upon prior same-day notice to the Bank (such notice if received subsequent to 3:00 p.m. (New York time) on a given day to be treated as though received at the opening of business on the next Business Day) by paying to the Bank the principal amount to be prepaid. In the case of any prepayment, the Authority shall also pay accrued interest thereon to the date of prepayment *plus* any break funding indemnification amounts owing pursuant to Section 4.5 hereof, if any, *plus* all other amounts due and owing hereunder. If such a prepayment prepays the Loans and all other amounts due and owing hereunder and under the Bank Note in full and is accompanied by the termination of the Commitment in whole, the Authority shall pay all accrued interest to the date of prepayment.

Section 4.3. Place and Application of Payments. All payments of principal, interest, fees, and all other Obligations payable under the Loan Documents shall be made to the Bank no later than 3:00 p.m. (New York time) on the date any such payment is due and payable. Payments received by the Bank after 3:00 p.m. (New York time) shall be deemed received as of the opening of business on the next Business Day; *provided, however*, that the monthly payment of interest on any Loans and the fees payable pursuant to Section 4.1(a) hereof shall be paid by wire transfer to the Bank at PNC Bank, National Association, Pittsburgh, PA, ABA 043-000-096, BNF: Commercial Loans, Acct #130760016803, Ref: Kern County Hospital Authority Loan #608218077, (unless otherwise directed by the Authority). All such payments shall be made in lawful money of the United States of America, in immediately available funds at the place of

payment, without set-off or counterclaim and without reduction for, and free from, any and all present or future taxes, levies, imposts, duties, fees, charges, deductions, withholdings, restrictions, and conditions of any nature imposed by any government or any political subdivision or taxing authority thereof (but excluding any taxes imposed on or measured by the net income of the Bank). Prior to the occurrence of an Event of Default, all payments, proceeds and other amounts received by the Bank hereunder or under the Bank Note (if any) shall be applied (i) first, to any outstanding late fees or other outstanding fees and charges, (ii) second, to any interest then due and payable, and (iii) third, to the prepayment of principal. After the occurrence of an Event of Default, all payments, proceeds and other amounts received by the Bank hereunder or under the Bank Note (if any) may be applied to any or all obligations of the Authority to the Bank, in such order and manner as the Bank may determine in its sole discretion.

Section 4.4. Notations. The status of all amounts evidenced by the Bank Note, and the rates of interest and periods applicable to such Loans shall be recorded by the Bank on its books and records or, at its option in any instance, endorsed on a schedule to the Bank Note (if any), and the unpaid principal balance and status, rates and periods of the Loans so recorded or endorsed by the Bank shall be prima facie evidence in any court or other proceeding brought to enforce the Bank Note and the obligations hereunder of the principal amount remaining unpaid thereon, the status of the Loans evidenced thereby and the interest rates and periods applicable thereto; provided that the failure of the Bank to record any of the foregoing shall not limit or otherwise affect the obligation of the Authority to repay the principal amount of the Loans and the obligations under the Bank Note together with accrued interest thereon.

Section 4.5. Break Funding Indemnification. The Authority agrees to indemnify the Bank against any liabilities, losses or expenses (including, without limitation, loss of margin, any loss or expense sustained or incurred in liquidating or employing deposits from third parties, and any loss or expense incurred in connection with funds acquired to effect, fund or maintain any amounts hereunder (or any part thereof) bearing interest based on the Term SOFR Rate) which the Bank sustains or incurs as a consequence of either (i) the Authority's failure to make a payment on the due date thereof, (ii) the Authority's revocation (expressly, by later inconsistent notices or otherwise) in whole or in part of any notice given to Bank to request, convert, renew or prepay any amounts bearing interest based on the Term SOFR Rate, or (iii) the Authority's payment or prepayment (whether voluntary, after acceleration of the maturity of a Loan or otherwise) or conversion of any amounts bearing interest based on the Term SOFR Rate on a day other than the regularly scheduled due date therefor. A notice as to any amounts payable pursuant to this paragraph given to the Authority by the Bank shall, in the absence of manifest error, be conclusive and shall be payable upon demand. The Authority's indemnification obligations hereunder shall survive the payment in full of all amounts payable hereunder.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Authority makes the following representations and warranties to the Bank (which representations and warranties shall survive the execution and delivery of this Agreement and any making of any Loan):

Section 5.1. Existence and Power. The Authority is a local unit of government, duly organized and validly existing under the laws of the State of California. The Authority has the power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

Section 5.2. Due Authorization. (a) The Authority has the power and has taken all necessary action to authorize the Loan Documents to which it is a party and to execute, deliver and perform its obligations under this Agreement and each of the other Loan Documents to which it is a party in accordance with their respective terms.

(b) The Authority is duly authorized and licensed to own its Property and to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Property or business activity and the departments, agencies and political subdivisions thereof, and the Authority has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Authority to enter into this Agreement and the other Loan Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Authority of this Agreement or the due execution, delivery or performance by the Authority of the Loan Documents.

Section 5.3. Valid and Binding Obligations. This Agreement has been duly executed and delivered by one or more duly authorized officers of the Authority and is, and each of the other Loan Documents, when executed and delivered by the Authority will be, a legal, valid and binding obligation of the Authority enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.4. Noncontravention. The execution, delivery and performance of this Agreement and each of the other Loan Documents in accordance with their respective terms do not and will not (i) contravene the Authority's enabling legislation, by-laws or other similar organizational documents, (ii) require any consent or approval of the County or the consent or approval of any creditor of the Authority, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a

breach of or constitute a default under any contract to which the Authority is a party or by which it or any of its respective Property may be bound or (v) result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or hereafter acquired by the Authority except such Liens, if any, expressly created by a Loan Document.

Section 5.5. Compliance with Laws.

(a) *Compliance with Laws.* The Authority is in compliance in all material respects with the requirements of all Laws applicable to it and all orders, writs, injunctions and decrees applicable to it or to its properties (including, without limitation, all Health Care Laws), except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(b) *Health Care Laws.* The Authority has not received notice nor does the Authority have knowledge that any Governmental Authority or accreditation organization is considering limiting, suspending, terminating, or revoking any Permit, except for (1) notices or occurrences for which the Authority is pursuing a plan of compliance or taking similar actions to correct any such deficiency in a manner acceptable to the related Governmental Authority or related accreditation organization such that upon completion of the related plan of compliance the Authority does not reasonably expect a limitation, suspension, termination or revocation of such Permit, or (2) notices or occurrences that are not reasonably expected to result in a Material Adverse Effect. All Permits are valid and in full force and effect.

(c) *Programs.* To the extent it participates in a particular Program, the Authority meets all of the requirements of participation and payment of Medicare, Medicaid, any other state or federal government health care programs and any other public or private third party payor programs (each, a “Program” and, collectively, “Programs”) and is a party to valid participation agreements for payment by such Programs. There is no investigation, audit, claim review, or other action pending or, to the knowledge of the Authority threatened which is reasonably expected to result in a revocation, suspension, termination, probation, material restriction, material limitation, or non-renewal of any Program participation agreement or result in the Authority’s exclusion from any Program.

(d) *Exclusion.* Neither the Authority nor any of their respective officers and directors has been or is currently excluded from participation in any government health care programs pursuant to 42 U.S.C. § 1320a-7.

(e) *Settlement Agreements, Etc.* The Authority (A) has no reporting obligations pursuant to a settlement agreement, plan of correction, or other remedial measure entered into with any Governmental Authority, or (B) has not, within the past five years, been served with or received any search warrant, subpoena, civil investigative demand or contact letter from any Governmental Authority related to its business operations, in each case, which could reasonably be expected to result in a Material Adverse Effect. The Authority has complied in all material respects with the terms and conditions of any corporate integrity agreements, settlement agreements, plans of

correction, other remedial measures, search warrants, subpoenas, civil investigative demands, or contract letters.

Section 5.6. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending in any court, any other Governmental Authority with jurisdiction over the Authority or any arbitration in which service of process has been completed against the Authority or, to the knowledge of the Authority, any other action, suit or proceeding pending or threatened in any court, any other Governmental Authority with jurisdiction over the Authority or any arbitrator, in either case against the Authority or any of its properties or revenues, or any of the Loan Documents to which it is a party, which (i) is reasonably likely to be determined adversely to the Authority and (ii) if determined adversely to the Authority could reasonably be expected to adversely affect the rights, security, interests or remedies of the Bank hereunder or under any of the other Loan Documents or which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Closing Date and disclosed to the Bank.

Section 5.7. Financial Statements. The audited financial statements of the Authority and its Affiliates as at June 30, 2023, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the Fiscal Year then ended, and accompanying notes thereto, which financial statements, accompanied by the audit report of Moss Adams LLP, independent public accountants, heretofore furnished to the Bank, fairly present the financial condition of the Authority and its Affiliates in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP (the “*Audited Financial Statements*”). Since June 30, 2023, there has been no material adverse change in the financial condition or operations of the Authority that could reasonably be expected to result in a Material Adverse Effect.

Section 5.8. ERISA; Plans. (a) The Authority is not subject to ERISA and maintains no Plans.

(b) The Authority has no funding liability or obligation currently due and payable with respect to any pension plan which could reasonably be expected to result in a Material Adverse Effect. The Authority is otherwise in compliance with the terms of any such pension plan in which the Authority participates to the extent any such failure to comply could reasonably be expected to result in a Material Adverse Effect.

Section 5.9. No Defaults. No default by the Authority has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any of its Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority is pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. The Authority is not presently in default under any agreement pursuant to which the Authority issued or incurred Debt thereunder in an original principal amount or commitment amount in an amount equal to or greater than \$500,000 to which it is a party which default could reasonably be expected to have a Material Adverse Effect. The Authority is not in violation of any material term of the organizational documents applicable to the Authority or any material term of any bond

indenture or agreement to which it is a party or by which any of its Property is bound which violation could reasonably be expected to result in a Material Adverse Effect.

Section 5.10. Insurance. The Authority currently maintains insurance coverage with insurance companies believed by the Authority to be capable of performing their obligations under the respective insurance policies issued by such insurance companies to the Authority (as determined in its reasonable discretion) and in full compliance with Section 7.4 hereof.

Section 5.11. Title to Assets. The Authority has good and marketable title to its assets except where the failure to have good and marketable title to any of its assets would not have a Material Adverse Effect free and clear of all Liens except for those permitted by Section 7.12 hereof.

Section 5.12. Incorporation by Reference. The representations and warranties of the Authority contained in the other Loan Documents to which the Authority is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the Authority in such Sections are hereby made for the benefit of the Bank. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Loan Document or incorporated by reference herein shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Bank.

Section 5.13. Correct Information. All information, reports and other papers and data furnished by or on behalf of the Authority to the Bank were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by or on behalf of the Authority to the Bank were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Bank in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the Authority, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the Authority that materially and adversely affects or in the future may (as far as it can reasonably foresee) materially and adversely affect the security for the Loans, or the ability of the Authority to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 5.13 or in such information, reports, papers and data or otherwise disclosed in writing to the Bank. The documents furnished and statements made by the Authority in connection with the negotiation, preparation or execution of this Agreement and the Loan Documents, as of their respective effective dates and as of the date of execution and delivery by the Authority of this Agreement, do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Section 5.14. Investment Company. The Authority is not an “investment company” or a company “controlled” by an “investment company,” as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.15. Margin Stock. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Loans will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.16. Usury. None of the Loan Documents provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 5.17. Security; Perfection of Security. (a) The Security Agreement creates a Lien on and security interest in the Collateral to secure the prompt payment of Loans and all other Obligations under this Agreement.

(b) The Authority has taken any and all action necessary to perfect the Lien on and security interest in the Collateral granted to the Bank pursuant to the Security Agreement, once such Collateral has been wired or transferred to the account of the Authority maintained at the Bank, by the filing of appropriate financing statements and entering into the Deposit Account Control Agreement. Such Lien on and security interest in the Collateral shall be a first priority security interest with respect to the Collateral.

Section 5.18. Pending Legislation and Decisions. To the Authority’s knowledge after reasonable diligence with respect thereto, there is no State law or administrative interpretation of the Constitution of the State or any State law, or any judicial decision interpreting any of the foregoing, or any amendment, or constitution of the State, the effect of which will materially adversely affect the entering into any of the Loan Documents, the security for any of the Loans, or any Obligations, or the Authority’s ability to repay when due its obligations under this Agreement or any other Obligation.

Section 5.19. Environmental Matters. To the Authority’s knowledge after reasonable diligence with respect thereto, the operations of the Authority are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 5.20. Solvency. The Authority is Solvent.

Section 5.21. Taxes. All material taxes, assessments, fees and other governmental charges (other than those presently payable without penalty or interest) upon the Authority or upon any of its respective Properties, which are due and payable, have been paid and no material claims are being asserted with respect to any past due taxes, assessments, fees or other governmental charges

against the Authority, except, in each case, as are being contested in good faith by appropriate proceedings for which adequate reserves are being maintained in accordance with GAAP.

Section 5.22. Swap Agreements. The Authority has not entered into any Swap Agreement.

Section 5.23. Subsidiaries; Equity Interests. As of the Closing Date, Authority has no Subsidiaries other than those disclosed in Schedule 5.23(a) hereof nor has any equity investments in any other corporation or entity other than those investments specifically disclosed in Schedule 5.23(b) or otherwise undertaken by the Authority as part of its normal treasury operations and in compliance with the applicable Law.

Section 5.24. No Immunity. The Authority is not entitled to claim immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) with respect to itself or its revenues (irrespective of their use or intended use) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any Loan Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or for recovery of property or (iii) execution or enforcement of any judgment to which it or its Gross Receivables might otherwise be made subject in any action, suit or proceeding relating to this Agreement or any other Loan Document, and no such immunity (whether or not claimed) may be attributed to the Authority or its Gross Receivables.

Section 5.25. Labor Matters. The Authority has no knowledge of any existing or pending strike, walkout or work stoppage that is having or is reasonably expected to have, with the passage of time, a Material Adverse Effect.

Section 5.26. Sanctions and International Trade Laws; Anti-Corruption Laws. (a) *Sanctions and International Trade Laws.* Each Covered Compliance Entity, and its directors and officers, and any employee, agent, or affiliate acting on behalf of such Covered Compliance Entity: (a) is not a Sanctioned Person; (b) does not do any business in or with, or derive any of its operating income from direct or indirect investments in or transactions involving, any Sanctioned Jurisdiction or Sanctioned Person; and (c) is not in violation of, and has not, during the past five (5) years, directly or indirectly, taken any act that could cause any Covered Compliance Entity to be in violation of applicable International Trade Laws. No Covered Compliance Entity nor any of its directors, officers, employees, or to the knowledge of the Authority, its agents or affiliates acting on behalf of such Covered Compliance Entity has, during the past five (5) years, received any notice or communication from any Person that alleges, or has been involved in an internal investigation involving any allegations relating to, potential violation of any International Trade Laws, or has received a request for information from any Official Body regarding International Trade Law matters. Each Covered Compliance Entity has conducted its business in compliance with applicable International Trade Laws.

(b) *Anti-Corruption Laws.* Each Covered Compliance Entity, and its directors and officers, and any employee, agent, or affiliate acting on behalf of such Covered Compliance Entity, is not in violation of, and has not, during the past five (5) years, directly or indirectly, taken any act that could cause any Covered Compliance Entity to be in violation of Anti-Corruption Laws, including any act in furtherance of an offer, payment, promise to pay, authorization, or ratification

of payment, directly or indirectly, of any money or anything of value (including any gift, sample, rebate, travel, meal and lodging expense, entertainment, service, equipment, debt forgiveness, donation, grant or other thing of value, however characterized) to any Government Official or any Person to secure any improper advantage or to obtain or retain business. No Covered Compliance Entity nor any of its directors, officers, employees, or to the knowledge of the Authority, its agents or affiliates acting on behalf of such Covered Compliance Entity has, during the past five (5) years, received any notice or communication from any Person that alleges, or has been involved in an internal investigation involving any allegations relating to, potential violation of any Anti-Corruption Laws, or has received a request for information from any Official Body regarding Anti-Corruption Law matters. Each Covered Compliance Entity has conducted its business in compliance with Anti-Corruption Laws.

Section 5.27. Transactions with Affiliates. The Authority is not a party to any agreement with any Affiliate that is on less than favorable and reasonable terms.

Section 5.28. Authority Documents. The Authority is not in receipt of notice from the County pursuant to Section 20.b of the Support Agreement.

SECTION 6. CONDITIONS PRECEDENT.

The obligation of the Bank to make any Loan under this Agreement is subject to the following conditions precedent:

Section 6.1. All Loans. As of the time of the making of each extension of credit (including the initial extension of credit) hereunder:

- (a) each of the representations and warranties set forth in Section 5 hereof shall be true and correct in all material respects as of such time, except to the extent the same expressly relate to an earlier date and except that the representations contained in Section 5.7 of the Agreement shall be deemed to refer to the most recent financial statements of the Authority delivered to the Bank pursuant to Section 7.5(a) of the Agreement;
- (b) no Default or Event of Default shall have occurred and be continuing or would occur as a result of making such extension of credit;
- (c) the Bank shall have received a notice of loan substantially in the form of Exhibit B attached hereto in accordance with the requirements hereof;
- (d) after giving effect to such extension of credit the aggregate principal amount of all Loans outstanding under this Agreement shall not exceed the Commitment; and
- (e) such extension of credit shall not violate any order, judgment, or decree of any court or other authority or any provision of law or regulation applicable to the Bank (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System) as then in effect.

The Authority's request for any Loan shall constitute its warranty as to the facts specified in subsections (a) through (e), both inclusive, above.

Section 6.2. Conditions Precedent to Closing. This Agreement shall become effective on the Closing Date subject to satisfaction of the conditions precedent that the Bank shall have received, on or before the Closing Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Bank:

(a) The following Authority approval documents and financial information:

(i) (A) copies of the resolutions of the governing body of the Authority approving the execution and delivery of the Loan Documents and the other matters contemplated hereby, certified by an Authorized Representative as being true and complete and in full force and effect on the Closing Date (the "*Authority Resolution*") and (B) copies of the resolution of the Board of Supervisors of the County of Kern (which may be an existing resolution) authorizing (1) the Authority to establish its own treasury outside the County Treasury Pool, (2) the Authority's incurrence of debt in connection with the Authority establishing its own treasury outside of the County Treasury Pool and (3) an increased principal amount of debt that the Authority may incur (collectively, the "*County Resolution*");

(ii) the Audited Financial Statements;

(iii) a certificate dated the Closing Date and executed by an Authorized Representative certifying the names, titles, offices and signatures of the persons authorized to sign, on behalf of the Authority, the Loan Documents to be executed on the Closing Date and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

(i) an executed original or certified copy, as applicable, of each of the Loan Documents to be executed on the Closing Date; and

(ii) an executed original of the Bank Note.

(c) An opinion of counsel to the Authority, dated the Closing Date and addressed to the Bank or on which the Bank is otherwise expressly authorized to rely, as to the due authorization, execution, delivery and enforceability of the Loan Documents to be executed on the Closing Date and such other customary matters as the Bank may reasonably request and such other customary matters as the Bank may reasonably request;

(d) The following documents and other information:

(i) a certificate dated the Closing Date and executed by an Authorized Representative certifying (A) that there has been no event or circumstance since

June 30, 2023, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations and warranties contained in Section 5 hereof and the other Loan Documents are true and correct in all material respects on the Closing Date, (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default, (D) no action, suit, investigation, litigation or proceeding is pending or, to such Authorized Representative's knowledge, threatened in any court or before any arbitrator or governmental authority that has or could reasonably be expected to have a Material Adverse Effect on the Authority or any of the transactions contemplated by the Agreement and (E) that the Security Agreement, Deposit Account Control Agreement and the Support Agreement remain in full force and effect and except as previously disclosed to the Bank in writing have not been amended or otherwise modified since their respective dates of execution.

(ii) all other legal matters pertaining to the execution and delivery of this Agreement and the other Loan Documents shall be satisfactory to the Bank and its counsel, and the Bank shall have received such other statements, certificates, agreements, documents and information with respect to the Authority and matters contemplated by this Agreement as the Bank may reasonably request; and

(iii) on or prior to the Closing Date, the Bank shall have received reimbursement (or direct payment) of the Bank's fees and expenses (including the legal fees and expenses of Chapman and Cutler LLP) and any other fees incurred in connection with the transactions contemplated by the Loan Documents.

SECTION 7. COVENANTS.

The Authority agrees that it will, so long as any credit is available to or in use by the Authority hereunder or any amount remains due and owing hereunder and under the Bank Note, except to the extent compliance in any case or cases is waived in writing by the Bank:

Section 7.1. Existence, Etc. The Authority shall (a) maintain its existence pursuant to its authorizing legislation and the laws of its applicable jurisdiction of organization and (b) take all reasonable action to maintain all Permits necessary for the normal conduct of its business, including, without limitation, the maintenance of its status as a provider of acute care services eligible for reimbursement under the Medicare and Medicaid programs, and such other similar federal and state reimbursement or repayment programs unless the failure to maintain any such Permit could not reasonably be expected to result in a Material Adverse Effect.

Section 7.2. Maintenance of Properties. The Authority shall (a) maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect; and (c) use commercially reasonable efforts to operate and maintain the facilities owned, leased or operated by such Person now or in

the future in a manner believed by such Person to be consistent with prevailing industry standards in the locations where the facilities exist from time to time, except to the extent failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 7.3. Compliance with Laws; Taxes and Assessments. The Authority shall comply with all Laws applicable to it and its Property, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it or its Property before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the Authority is adequate.

Section 7.4. Insurance. The Authority shall maintain insurance believed by the Authority to be financially sound and in such amounts and covering such risks as are usually carried by organizations engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage and which coverage may include self-insured retentions for any portion of such coverage, provided such self-insured retention is consistent with proper management and insurance practices. The Authority shall upon request of the Bank furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 7.4.

Section 7.5. Reports. The Authority shall furnish to the Bank in form and detail satisfactory to the Bank:

(a) *Annual Audited Financial Statements.* As soon as available and, in any event, within one hundred eighty (180) days after the end of each Fiscal Year of the Authority and its Affiliates the unaudited balance sheet, statement of income, and statement of cash flows of the Authority and its Affiliates for such Fiscal Year. Not later than January 31 of each Fiscal Year of the Authority and its Affiliates, the audited annual consolidated financial statements of the Authority and its Affiliates, including a balance sheet, statement of income, statement of cash flows and such other financial information of the Authority and its Affiliates in such detail as the Bank may reasonably request. Such audited financial information shall present fairly the consolidated financial position of the Authority and its Affiliates as of the close of such Fiscal Year and the results of its operations during such Fiscal Year, in accordance with GAAP, and shall be audited and accompanied by the opinion, satisfactory in form and substance to the Bank, of an independent certified public accountant reasonably acceptable to the Bank.

(b) *Quarterly Unaudited Financial Statements.* As soon as available and, in any event, within sixty (60) days after the end of each of the first three fiscal quarters of each Fiscal Year of the Authority and its Affiliates, the quarterly unaudited consolidated financial statements of the Authority and its Affiliates, including a balance sheet, statement of income and such other financial information of the Authority and its Affiliates in such detail as the Bank may reasonably request. Such financial information shall present fairly the consolidated financial position of the Authority and its Affiliates as of the close of such

fiscal quarter and the results of its operations during such fiscal quarter, substantially in accordance with GAAP.

(c) *Compliance Certificate.* In connection with the financial statements required to be delivered by the Authority pursuant to Sections 7.5(a) and (b) hereof, a Compliance Certificate signed by an Authorized Representative of the Authority (x) stating that no Default or Event of Default has occurred, or if such Default or Event of Default has occurred, specifying the nature of such Default or Event of Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Default or Event of Default or Default and (y) demonstrating compliance with the financial covenants set forth in Section 7.22 hereof.

(d) *Budget.* As soon as available, and in any event within forty-five (45) days after the end of the Fiscal Year, the operating and capital budget of the Authority.

(e) *Utilization and Payor Mix Statistics.* As soon as available, and in any event within one hundred eighty (180) days after the end of each Fiscal Year and within sixty (60) days after the end of each of first three fiscal quarters, a schedule of utilization and payor mix statistics for Authority.

(f) *Notice of Default or Event of Default.* (i) Promptly upon the Authority obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) days thereafter, a certificate signed by an Authorized Representative specifying in reasonable detail the nature and period of existence thereof and what action the Authority has taken or proposes to take with respect thereto and (ii) promptly following a written request of the Bank, a certificate of an Authorized Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement.

(g) *Notice of Material Adverse Change.* Promptly upon the Authority obtaining knowledge of any of the following which could reasonably be expected to result in a Material Adverse Effect, a certificate signed by an Authorized Representative specifying in reasonable detail the nature and period of existence and what action the Authority has taken or proposes to take with respect thereto: (i) any material labor dispute to which the Authority is or may become a party, including any strikes, lockouts or other disputes relating to any of the Authority's plants and other facilities, or (ii) the occurrence of any Health Care Reportable Event.

(h) *Litigation.* As promptly as practicable, written notice to the Bank of all actions, suits or proceedings pending or threatened against the Authority in any court or before any arbitrator of any kind or before any governmental authority which has a reasonable likelihood of being determined adversely to the Authority and which the Authority reasonably believes will have a Material Adverse Effect.

(i) *Actuarial Studies and Reports.* As promptly as practicable following the date on which any actuarial studies and/or reports have been performed and have been

made publicly available with respect to the Authority's pension obligations, copies of such actuarial studies and/or reports.

(j) *Patriot Act.* Such information (and take such action) reasonably requested by the Bank in order to assist the Bank in maintaining compliance with the Patriot Act.

(k) *Authority Documents.* A copy of any notice delivered to the Authority from the County pursuant to Section 20 of the Support Agreement.

(l) *Amendments to Support Agreement.* As promptly as practicable and, in any event not later than five (5) Business Days after any amendment to the Support Agreement becomes effective, copies of any such amendment.

(m) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the Authority and its Affiliates as the Bank may from time to time reasonably request (including, without limitation, if prepared, consolidating financial statements of the Authority and its Affiliates).

Notwithstanding anything to the contrary set forth in this Section 7.5, the Authority shall be deemed to have complied with the requirements of this Section 7.5 to the extent the applicable information has been duly posted on EMMA and notice of such posting has been given to the Bank within the applicable timeframes set forth in this Section 7.5.

Section 7.6. Maintenance of Books and Records. The Authority shall keep proper books of record and account in which full, true and correct entries are made in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted to the Bank pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Authority's financial statements, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the Authority shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 5.7 hereof.

Section 7.7. Access to Books and Records. After receiving the prior written request of the Bank, the Authority shall permit any Person designated by the Bank (at the expense of the Bank, unless and until a Default or Event of Default has occurred, at which time such reasonable expenses shall be borne by the Authority) to visit any of the offices of the Authority to examine the books and financial records (except books and financial records the examination of which by the Bank is prohibited by Law, including, without limitation, any Health Care Law, or by attorney or client privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Authority with its principal officers, employees and independent public accountants, all at such reasonable times and as often as the Bank may reasonably request.

Section 7.8. No Impairment. The Authority shall not take any action under any Loan Document which would materially adversely affect the rights, interests, remedies or security of the Bank under this Agreement or any other Loan Document or which could otherwise reasonably be expected to result in a Material Adverse Effect.

Section 7.9. Application of Loan Proceeds. The Authority shall only use proceeds of the Loans hereunder for general working capital purposes. The Authority shall not take or omit to take any action, which action or omission will in any way result in the proceeds from the issuance of the Loans being applied in a manner other than as provided in herein.

Section 7.10. Limitation on Additional Debt. The Authority shall not issue or incur any additional Debt in an aggregate principal amount that exceeds \$10,000,000 unless (i) no Default or Event of Default shall have occurred and be continuing or would occur as a result of the issuance or incurrence of such Debt, (ii) the Bank has consented in writing to the issuance or incurrence of such additional Debt and (iii) the Authority has demonstrated compliance with Section 7.22 hereof on a pro forma basis after giving effect to the issuance or incurrence of such Debt as of the most recent testing date with respect thereto.

Section 7.11. Loan Documents. The Authority shall not modify, amend or consent to any modification, amendment or waiver in any material respect of any Loan Document without the prior written consent of the Bank.

Section 7.12. Liens. (a) The Authority shall not create, incur or permit to exist any Lien of any kind on any Collateral, other than as contemplated by this Agreement and the other Loan Documents.

(b) The Authority shall not create, incur or permit to exist any Lien of any kind on any Property (other than Collateral) owned by the Authority; *provided, however*, that the foregoing shall not apply to nor operate to prevent:

(i) Liens arising by statute in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, Taxes, assessments, statutory obligations or other similar charges, good faith cash deposits in connection with tenders, contracts or leases to which Affiliate is a party or other cash deposits required to be made in the ordinary course of business, provided in each case that the obligation is not for borrowed money and that the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been established therefor;

(ii) mechanics', workmen's, materialmen's, landlords', carriers' or other similar Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest;

(iii) judgment liens and judicial attachment liens not constituting an Event of Default under Section 8.1(j) hereof and the pledge of assets for the purpose of securing an

appeal, stay or discharge in the course of any legal proceeding, provided that the aggregate amount of such judgment liens and attachments and liabilities of the Authority secured by a pledge of assets permitted under this subsection, including interest and penalties thereon, if any, shall not be in excess of \$1,000,000 at any one time outstanding;

(iv) Liens on equipment of Authority created solely for the purpose of securing indebtedness permitted by Section 7.10 hereof, representing or incurred to finance the purchase price of such Property, provided that no such Lien shall extend to or cover other Property of the Authority other than the respective Property so acquired, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the purchase price of such Property, as reduced by repayments of principal thereon;

(v) any interest or title of a lessor under any operating lease, including the filing of Uniform Commercial Code financing statements solely as a precautionary measure in connection with operating leases entered into by the Authority in the ordinary course of its business;

(vi) easements, rights-of-way, restrictions, and other similar encumbrances against real property incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not materially detract from the value of the Property subject thereto or materially interfere with the ordinary conduct of the business of the Authority;

(vii) bankers' Liens, rights of setoff and other similar Liens in one or more deposit accounts maintained by the Authority, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements; *provided that*, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (either directly or indirectly) the repayment of any Debt;

(viii) Liens granted in favor of the Bank pursuant to the Loan Documents; and

(ix) Liens in existence on the Closing Date as set forth on Schedule 7.12 attached hereto.

Section 7.13. Other Agreements. In the event that the Authority has or shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement related to Debt of the Authority which such Bank Agreement provides the Authority with different or more restrictive covenants, different or additional events of default and/or greater rights and remedies than are provided to the Bank in this Agreement, the Authority shall provide the Bank with a copy of each such Bank Agreement and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. If requested by the Bank, the Authority shall promptly enter into an amendment to

this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies for so long as such other Bank Agreement remains in effect; *provided* that the Bank shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies for so long as such other Bank Agreement remains in effect even if the Authority fails to provide such amendment. For the sake of clarity only and the avoidance of doubt, this Section 7.13 is not intended to apply to higher or different fees, or higher or different interest rates than as set forth in any such Bank Agreement.

Section 7.14. Swap Agreements. Without the prior written consent of the Bank, the Authority shall not enter into any Swap Agreement relating to any of its Debt.

Section 7.15. Investments, Acquisitions, Loans and Advances. The Authority shall not, directly or indirectly, make, retain or have outstanding any investments (whether through purchase of stock or obligations or otherwise) in, or loans or advances to (other than for travel advances and other similar cash advances made to employees in the ordinary course of business), any other Person, or acquire all or any substantial part of the assets or business of any other Person or division thereof; *provided, however*, that the foregoing shall not apply to nor operate to prevent:

- (a) Cash Equivalents;
- (b) the Authority's existing investments in its Subsidiaries outstanding on the Closing Date; and
- (c) intercompany advances made from time to time between the Authority and any Affiliate in the ordinary course of business to finance their working capital needs.

Section 7.16. Environmental Laws. The Authority shall comply with all applicable Environmental Laws and cure any defect (or cause other Persons to cure any such defect) to the extent necessary to bring such real property owned, leased, occupied or operated by the Authority back into compliance with Environmental Laws and to comply with any cleanup orders issued by a Governmental Authority having jurisdiction thereover. The Authority shall at all times use commercially reasonable efforts to render or maintain any real property owned, leased, occupied or operated by the Authority safe and fit for its intended uses. The Authority shall also immediately notify the Bank of any actual or alleged material failure to so comply with or perform, or any material breach, violation or default under any Environmental Law.

Section 7.17. Federal Reserve Board Regulations. The Authority shall not use any portion of the proceeds of the Loans for the purpose of carrying or purchasing any Margin Stock.

Section 7.18. Mergers, Consolidations and Sales. The Authority shall not be a party to any merger or consolidation or amalgamation, or sell, transfer, lease or otherwise dispose of all or any part of its Property, including any disposition of Property as part of a sale and leaseback transaction, or in any event sell or discount (with or without recourse) any of its notes or accounts receivable; *provided, however*, that this Section 7.18 shall not apply to nor operate to prevent:

- (a) the sale or lease of inventory in the ordinary course of business;
- (b) the sale, transfer, lease or other disposition of Property of the Authority to any Affiliate of the Authority in the ordinary course of its business;
- (c) the sale of delinquent notes or accounts receivable in the ordinary course of business for purposes of collection only (and not for the purpose of any bulk sale or securitization transaction); and
- (d) the sale, transfer or other disposition of any tangible personal property that, in the reasonable business judgment of the Authority, has become obsolete or worn out, and which is disposed of in the ordinary course of business.

Section 7.19. Change in Nature of Business. The Authority shall not engage in any material line of business substantially different from those lines of business conducted by the Authority on the date hereof or any business substantially related or incidental thereto.

Section 7.20. Burdensome Contracts With Affiliates. The Authority shall not enter into any contract, agreement or business arrangement with any of its Affiliates on terms and conditions which are less favorable to Authority than would be usual and customary in similar contracts, agreements or business arrangements between Persons not affiliated with each other.

Section 7.21. No Changes in Fiscal Year. The Authority shall not change its Fiscal Year from its present basis without the prior written consent of the Bank.

Section 7.22. Annual Debt Service Coverage. As of the last day of each Fiscal Year (commencing with the first such date after the Closing Date), the Authority shall maintain Debt Service Coverage Ratio of at least 1.20 to 1.00 for the four fiscal quarters then ended.

Section 7.23. Anti-Corruption Laws; Anti-Money Laundering Laws; and International Trade Laws. (a) The Authority covenants and agrees that it shall (i) immediately notify the Bank in writing upon the occurrence of a Reportable Compliance Event; and (ii) conduct its business in compliance with applicable Anti-Corruption Laws, Anti-Money Laundering Laws and International Trade Laws and maintain in effect policies and procedures reasonably designed to ensure compliance with all applicable Anti-Corruption Laws, Anti-Money Laundering Laws and International Trade Laws by each Covered Compliance Entity, and its directors and officers, and any employee, agent or affiliate acting on behalf of such Covered Compliance Entity in connection with this Agreement.

(b) For so long as the Bank has any outstanding Commitment or Loans hereunder, the Authority shall not permit its directors and officers, and any employee, agent, or affiliate acting on behalf of the Authority in connection with this Agreement, nor the Authority's Subsidiaries to: (a) become a Sanctioned Person; or (b) directly or indirectly, provide, use, or make available the proceeds of any Loan hereunder (i) to fund any activities or business of, with, or for the benefit of any Person that, at the time of such funding or facilitation, is a Sanctioned Person, (ii) to fund or facilitate any activities or business of or in any Sanctioned Jurisdiction, (iii) in any manner that

could result in a violation by any Person of Anti-Corruption Law, Anti-Money Laundering, or International Trade Laws (including the Bank, underwriter, advisor, investor, or otherwise) or (iv) in violation of any applicable Law, including, without limitation, any applicable Anti-Corruption Law, Anti-Money Laundering Law or International Trade Law.

(c) For so long as the Bank has any outstanding Commitment or Loans hereunder, the Authority shall not, directly or indirectly provide, use, or make available the proceeds of any Loan hereunder to any of the Authority's Subsidiaries that is not party to this Agreement.

Section 7.24. Immunity from Jurisdiction. To the fullest extent permitted by applicable law, with respect to its obligations arising under this Agreement or any other Loan Document, the Authority irrevocably agrees that it will not assert or claim any immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) from (i) any action, suit or other proceedings arising under or relating to this Agreement or any other Loan Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or (iii) execution or enforcement of any judgment to which it or its revenues might otherwise be entitled in any such action, suit or other proceeding, and the Authority hereby irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its Gross Receivables (irrespective of their use or intended use), all such immunity.

Section 7.25. Clean-Down Period. For a period of at least twenty (20) consecutive calendar days during each Fiscal Year, there will be no Loans outstanding under this Agreement.

Section 7.26. Deposit Accounts. (a) All receivables of the Authority (other than Governmental Receivables of the Authority) shall be deposited or directed to be paid, as applicable, into the Accounts Receivable Collections Account, (b) all Governmental Receivables of the Authority shall be deposited or directed to be paid, as applicable, into the Governmental Receivables Collections Account and (c) the Authority hereby authorizes the Bank to transfer any amounts in the Governmental Receivables Collection Account by 5:00 p.m. (New York time) on each Business Day to the Accounts Receivable Collections Account.

Section 7.27. Authority Documents. Pursuant to Section 2 of the Support Agreement, upon the occurrence and during the continuance of any Event of Default, the Authority shall request from the County in accordance with the terms of the Support Agreement, an increase to the allocation of general purpose funds.

SECTION 8. EVENTS OF DEFAULT AND REMEDIES.

Section 8.1. Events of Default. The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by Bank:

- (a) default in the payment when and as due of all or any part of the principal of or interest on any Loan (whether at the stated maturity thereof or at any other time provided for in this Agreement); or

(b) default in the payment of all or any part of any Obligation hereunder (other than those Obligations covered in paragraph (a) of this Section 8.1) when due and such failure shall continue for three (3) Business Days; or

(c) the Authority shall default in the due performance or observance of any of the covenants set forth in Section 7.1, 7.8, 7.9, 7.10, 7.11, 7.12(a), 7.15, 7.17, 7.18, 7.19, 7.20, 7.21, 7.22, 7.23, 7.24, 7.25 or 7.26 hereof; or

(d) the Authority shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Loan Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof; or

(e) any representation or warranty made by or on behalf of the Authority in this Agreement or in any other Loan Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered; or

(f) the occurrence of an event of default under any of the other Loan Documents; or

(g) any material provision of this Agreement or any other Loan Document shall at any time for any reason cease to be valid and binding on the Authority as a result of a ruling or finding by a court or a Governmental Authority with competent jurisdiction or shall be declared in a final non appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be contested by the Authority or any Governmental Authority of competent jurisdiction;

(h) the Authority shall (i) default on the payment of the principal of or interest on any Debt the outstanding principal amount of which is in excess of \$500,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt the outstanding principal amount of which is in excess of \$500,000 or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to cause (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt;

(i) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Bank, singularly or in an aggregate amount not less than \$500,000 shall be entered or filed against the Authority or against any of its

Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days; or

(j) the Authority shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 8.1(k) of this Agreement; or

(k) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Authority or any substantial part of their respective Property, or a proceeding described in clause (v) Section 8.1(j) shall be instituted against the Authority and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days; or

(l) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Authority by the Authority or any Governmental Authority with appropriate jurisdiction.

Section 8.2. Non-Bankruptcy Defaults. When any Event of Default (other than those described in subsection (j), (k) or (l) of Section 8.1 with respect to the Authority) has occurred and is continuing, the Bank may, by notice to the Authority, take one or more of the following actions:

(a) terminate the obligation of the Bank to make Loans or extend any further credit hereunder on the date (which may be the date thereof) stated in such notice;

(b) declare the principal of and the accrued interest on the Loans and the amounts due and owing hereunder to be forthwith due and payable and thereupon the Loans and the amounts due and owing hereunder, including both principal and interest and all fees, charges and other Obligations payable hereunder and under the other Loan Documents, shall be and become immediately due and payable without further demand, presentment, protest or notice of any kind; and

(c) enforce any and all rights and remedies available to it under the Loan Documents or applicable law.

Section 8.3. Bankruptcy Defaults. When any Event of Default described in subsection (j), (k) or (l) of Section 8.1 with respect to the Authority has occurred and is continuing, the obligation of the Bank to make Loans or extend any further credit hereunder shall immediately and automatically terminate without notice and the Loans and all amounts hereunder, including both principal and interest, and all fees, charges and other Obligations payable hereunder and under the other Loan Documents, shall immediately become due and payable without presentment, demand, protest or notice of any kind, and the obligation of the Bank to extend further credit pursuant to any of the terms hereof shall immediately terminate. In addition, the Bank may exercise any and all remedies available to it under the Loan Documents or applicable law.

SECTION 9. MISCELLANEOUS.

Section 9.1. Non-Business Day. If any payment hereunder becomes due and payable on a day which is not a Business Day, the due date of such payment shall be extended to the next succeeding Business Day on which date such payment shall be due and payable. In the case of any payment of principal falling due on a day which is not a Business Day, interest on such principal amount shall continue to accrue during such extension at the rate per annum then in effect, which accrued amount shall be due and payable on the next scheduled date for the payment of interest.

Section 9.2. No Waiver, Cumulative Remedies. No delay or failure on the part of the Bank or on the part of the holder of the Obligations in the exercise of any power or right shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The rights and remedies hereunder of the Bank and of the holder of the Obligations are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Section 9.3. Amendments, Etc. No amendment, modification, termination or waiver of any provision of this Agreement or of any other Loan Document, nor consent to any departure by the Authority therefrom, shall in any event be effective against the Bank unless the same shall be in writing and signed by the Bank. No notice to or demand on the Authority in any case shall entitle the Authority to any other or further notice or demand in similar or other circumstances.

Section 9.4. Costs and Expenses; Indemnification. (a) The Authority agrees to pay on demand the costs and expenses of the Bank in connection with the negotiation, preparation, execution and delivery of this Agreement, the other Loan Documents and the other instruments and documents to be delivered hereunder or thereunder, and in connection with the recording or filing of any of the foregoing, and in connection with the transactions contemplated hereby or thereby, and in connection with any consents hereunder or waivers or amendments hereto or thereto, including the reasonable fees and expenses of counsel for the Bank with respect to all of the foregoing (whether or not the transactions contemplated hereby are consummated). The Authority, upon demand by the Bank at any time, shall reimburse the Bank for any legal or other expenses incurred in connection with investigating or defending against any of the foregoing. The obligations of the Authority under this Section 9.4 shall survive the termination of this Agreement.

(b) (i) The Authority agrees to pay to the Bank or any other holder of the Obligations all costs and expenses (including court costs and reasonable attorneys' fees), if any, incurred or paid by the Bank or any other holder of the Obligations in connection with any Default or Event of Default or in connection with the enforcement of this Agreement or any of the other Loan Documents or any other instrument or document delivered hereunder or thereunder (including, without limitation, all such costs and expenses incurred in connection with any proceeding under the United States Bankruptcy Code involving the Authority or any guarantor). To the extent permitted by law, the Authority further agrees to indemnify the Bank, and any security trustee, and their respective directors, officers and employees, against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor, whether or not the indemnified Person is a party thereto) which any of them may pay or incur arising out of or relating to any Loan Document or any of the transactions contemplated thereby or the direct or indirect application or proposed application of the proceeds of any extension of credit made available hereunder, other than those which arise from the gross negligence or the willful misconduct of the terms hereof of any party entitled to seek indemnification under this Section 9.4.

(ii) To the extent permitted by Law, the Authority unconditionally agrees to forever indemnify, defend and hold harmless, and covenants not to sue for any claim for contribution against, the Bank for any damages, costs, loss or expense, including without limitation, response, remedial or removal costs, arising out of any of the following: (i) any presence, release, threatened release or disposal of any hazardous or toxic substance or petroleum by the Authority or any Subsidiary or otherwise occurring on or with respect to their Property, (ii) the operation or violation of any environmental law, whether federal, state, or local, and any regulations promulgated thereunder, by the Authority or any Subsidiary or otherwise occurring on or with respect to their Property, (iii) any claim for personal injury or property damage in connection with the Authority or any Subsidiary or otherwise occurring on or with respect to their Property, and (iv) the inaccuracy or breach of any environmental representation, warranty or covenant by the Authority or any Subsidiary made herein or in any mortgage, deed of trust, security agreement or any other instrument or document evidencing or securing any indebtedness, obligations, or liabilities of the Authority or any Subsidiary owing to the Bank or setting forth terms and conditions applicable thereto or otherwise relating thereto, except for damages arising from the Bank's willful misconduct or gross negligence. To the extent permitted by law, this indemnification shall survive the payment and satisfaction of all Obligations owing to the Bank and the termination of this Agreement, and shall remain in force beyond the expiration of any applicable statute of limitations and payment or satisfaction in full of any single claim under this indemnification. This indemnification shall be binding upon the successors and assigns of the Authority and shall inure to the benefit of Bank and its directors, officers, employees, agents, and collateral trustees, and their successors and assigns.

Section 9.5. Documentary Taxes. The Authority agrees to pay on demand any documentary, stamp or similar taxes payable in respect of this Agreement or any other Loan Document, including interest and penalties, in the event any such taxes are assessed, irrespective of when such assessment is made and whether or not any credit is then in use or available hereunder.

Section 9.6. Survival of Representations. All representations and warranties made herein or in any of the other Loan Documents or in certificates given pursuant hereto or thereto shall survive the execution and delivery of this Agreement and the other Loan Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

Section 9.7. Survival of Indemnities. All indemnities and other provisions relative to reimbursement to the Bank of amounts sufficient to protect the yield of the Bank with respect to the Loans, including, but not limited to, Sections 2.8, 2.9 and 9.4 hereof, shall survive the termination of this Agreement and the payment of the Bank Note.

Section 9.8. Notices. Except as otherwise specified herein, all notices hereunder shall be in writing (including, without limitation, notice by telecopy) and shall be given to the relevant party at its address or telecopier number set forth below, or such other address or telecopier number as such party may hereafter specify by notice to the other given by courier, by United States certified or registered mail, by telecopy or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices hereunder shall be addressed:

The Authority:

Kern County Hospital Authority
c/o Kern County Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93306
Attention: Scott Thygerson, Chief Executive Officer
Facsimile: (661) 326-2100
Telephone: (661) 326-2102
Email: Scott.Thygerson@kernmedical.com

With a copy to:

Kern County Hospital Authority
c/o Kern County Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93306
Attention: Andrew J. Cantu, Chief Financial Officer
Facsimile: (661) 326-2100
Telephone: (661) 326-2104
Email: Andy.Cantu@kernmedical.com

With a copy to:

Kern County Hospital Authority
c/o Kern County Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93306
Attention: Vice President & General Counsel
Facsimile: (661) 322-3006
Telephone: (661) 862-8190
Email: Karen.Barnes@kernmedical.com

The Bank: PNC Bank, National Association
2020 Main Street, Suite 950
Irvine, California 92614
Attention: Nick Warner
Telephone: (856) 745-1372
Email: nicolas.warner@pnc.com

With a copy to:

PNC Bank, National Association
2801 E. Camelback Road
Phoenix, Arizona 85016
Attention: Amira Nagati
Telephone: (904) 651-9140
Email: amira.nagati@pnc.com

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section and a confirmation of such telecopy has been received by the sender, (ii) if given by mail, five (5) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iii) if given by any other means, when delivered at the addresses specified in this Section; provided that any notice given pursuant to Section 3 or Section 4 hereof shall be effective only upon receipt.

Section 9.9. Construction. The provisions of this Agreement relating to Subsidiaries shall only apply during such times as the Authority has one or more Subsidiaries. NOTHING CONTAINED HEREIN SHALL BE DEEMED OR CONSTRUED TO PERMIT ANY ACT OR OMISSION WHICH IS PROHIBITED BY THE TERMS OF ANY OF THE OTHER LOAN DOCUMENTS, THE COVENANTS AND AGREEMENTS CONTAINED HEREIN BEING IN ADDITION TO AND NOT IN SUBSTITUTION FOR THE COVENANTS AND AGREEMENTS CONTAINED IN THE OTHER LOAN DOCUMENTS.

Section 9.10. Headings. Section headings used in this Agreement are for convenience of reference only and are not a part of this Agreement for any other purpose.

Section 9.11. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 9.12. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto on separate counterpart signature pages, and all such counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version

of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 9.13. USA Patriot Act. The Bank hereby notifies the Authority that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Authority which information includes the name and address of the Authority and other information that will allow the Bank to identify the Authority in accordance with the Patriot Act. The Authority shall, promptly following a request by the Bank, provide all documentation and other information that the Bank requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act.

Section 9.14. Binding Nature, Governing Law, Etc. This Agreement shall be binding upon the Authority and its successors and assigns, and shall inure to the benefit of the Bank and the benefit of its successors and assigns, including any subsequent holder of the Bank Note. The Authority may not assign its rights hereunder without the written consent of the Bank. This Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

Section 9.15. Waiver of Jury Trial; Venue. (a) TO THE EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY IRREVOCABLY AGREE TO WAIVE TRIAL BY JURY ARISING OUT OF, OR BASED UPON, OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF CALIFORNIA AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE OF CALIFORNIA. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF CALIFORNIA AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT.

Section 9.16. Successors and Assigns.

(a) *Successors and Assigns Generally.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Authority may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Bank and the Bank may not assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section 9.16, (ii) by way of participation in accordance with the provisions of subsection (c) of this Section 9.16, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (d) of this Section 9.16 (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (c) of this Section 9.16 and, to the extent expressly contemplated hereby, the Bank, or any Affiliate of the Bank any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Assignments by Bank.* The Bank may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including the Commitment and the Loans at the time owing to it); *provided* any such assignment shall be subject to the following conditions:

(i) *Minimum Amounts.* The aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is entered into or shall not be less than \$100,000 unless, so long as no Event of Default has occurred and is continuing, the Authority otherwise consents (each such consent not to be unreasonably withheld or delayed);

(ii) *Proportionate Amounts.* Each partial assignment shall be made as an assignment of a proportionate part of all the Bank's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) *Required Consents.* No consent shall be required for any assignment except the consent of the Authority shall be required unless (1) a Default or an Event of Default has occurred and is continuing at the time of such assignment or, (2) such assignment is to an Affiliate of the Bank;

(iv) *Assignment and Assumption.* The parties to each assignment shall execute and deliver an Assignment and Assumption.

(v) *No Assignment to Natural Persons.* No such assignment shall be made to a natural person.

From and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of the Bank under this Agreement, and the Bank shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the Bank's rights and obligations under this Agreement, the Bank shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.6, 3.7 and 9.4 hereof with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by the Bank of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by the Bank of a participation in such rights and obligations in accordance with subsection (c) of this Section 9.16.

(c) *Participations.* The Bank may at any time, without the consent of, or notice to, the Authority, sell participations to any Person (each, a "*Participant*") in all or a portion of the Bank's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) the Bank's obligations under this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Authority shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement. Any agreement or instrument pursuant to which the Bank sells such a participation shall provide that the Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement. Subject to subsection (d) of this Section 9.16, the Authority agrees that each Participant shall be entitled to the benefits of Sections 3.6, 3.7 and 9.4 hereof to the same extent as if it were the Bank.

(d) *Certain Pledges.* The Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under the Bank Note) to secure obligations of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

Section 9.17. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereby and in the other Loan Documents (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Authority acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) the services regarding this Agreement and the other Loan Documents provided by the Bank and any of its Affiliate are arm's-length commercial transactions between the Authority, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal (*i.e.*, as a lender) and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Authority or any other Person, (ii) neither the Bank nor any of its Affiliates are acting as an advisor or agent in any capacity, including, without limitation, as a

municipal advisor or financial advisor to the Authority; (iii) neither the Bank nor any of its Affiliates is recommending that the Authority take an action with respect to the transactions described in this Agreement and the other Loan Documents, and before taking any action with respect to such transactions, the Authority should discuss the information contained herein with the such entity's own legal, accounting, tax, financial and other advisors, as it deems appropriate and (iv) neither the Bank nor any of its Affiliates has any obligation to the Authority with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Authority, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to the Authority. To the fullest extent permitted by law, the Authority, hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 9.18. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 9.19. Right of Setoff. (a) Upon the occurrence of an Event of Default, the Bank may, at any time and from time to time, without notice to the Authority or any other Person (any such notice being expressly waived), set off and appropriate and apply against and on account of any Obligations under this Agreement, without regard to whether or not the Bank shall have made any demand therefor, and although such Obligations may be contingent or unmatured, any and all deposits (general or special, including but not limited to deposits made pursuant to this Agreement and Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, such as restricted donor accounts) and any other Debt at any time held or owing by the Bank to or for the credit or the account of the Authority.

(b) The Bank agrees promptly to notify the Authority after any such set-off and application referred to in subsection (a) above, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. Subject to the provisions of subsection (a)

above, the rights of the Bank under this Section 9.19 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Bank may have.

(c) From and after the Deposit Account Transfer Date, the Bank agrees to waive all of its existing and future rights of recoupment and set-off and banker's lien against the Governmental Receivables Collections Account for so long and to the extent required by applicable Law.

Section 9.20. Further Assurances. From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Loan Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Bank, the Authority will, at the Authority's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Loan Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Bank, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Security Agreement. Upon any failure by the Authority to do so, the Bank may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Authority, all at the sole expense of the Authority, and the Authority hereby appoints the Bank the agent and attorney-in-fact of the Authority to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Authority irrevocably authorizes the Bank at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Bank to establish or maintain the validity, perfection and priority of the security interests granted in the Security Agreement, and the Authority ratifies any such filings made by the Bank prior to the date hereof. In addition, at any time, and from time to time, upon request by the Bank, the Authority will, at the Authority's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Bank, be necessary or desirable in order to verify the Authority's identity and background in a manner satisfactory to the Bank.

Section 9.21. EMMA Postings. The Authority shall not file or submit or permit the filing or submission, of all or any portion of any document (or any summary thereof) entered into in connection with this Agreement (or any default, event of acceleration, termination event, modification of terms or other similar events relating to this Agreement) with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system (or any successor continuing disclosure vehicle) unless such document or portion thereof (or summary thereof), as applicable, to be so filed or submitted (i) has been provided to the Bank for review in advance of such filing or submission, and (ii) shall have been redacted to the extent required by the Bank; provided that such redaction may be no greater than permitted under applicable federal securities law guidance, if any. The Authority acknowledges and agrees that although the Bank may request a review, edits or redactions of such materials prior to filing, the Bank is not responsible for the Authority's or any other party's compliance or noncompliance with any applicable securities or other laws, including but not limited to Rule 15c2-12.

Section 9.22. Liability of Authority . The liabilities or obligations of the Authority with respect to its activities pursuant to this Credit Agreement shall be the liabilities or obligations solely of the 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.

Section 9.23. Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support, “*QFC Credit Support*” and each such QFC a “*Supported QFC*”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “*U.S. Special Resolution Regimes*”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the Laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “*Covered Party*”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the Laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the Laws of the United States or a state of the United States.

(b) As used in this Section 9.23, the following terms have the following meanings:

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b), (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*QFC*” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Section 9.24. Amendment and Restatement. This Agreement amends and restates in its entirety the Existing Agreement and from and after the Closing Date all references made to the Existing Agreement in any Loan Document or in any other instrument or document shall without more, be deemed to refer to this Agreement. This Agreement shall become effective and supersede all provisions of the Existing Agreement upon the execution of this Agreement by each of the parties hereto and the fulfillment of all conditions precedent hereof but is not intended to be or operate as a novation or an accord and satisfaction of the Existing Agreement or the indebtedness, obligations and liabilities of the Authority evidenced or provided for thereunder.

[SIGNATURE PAGE TO FOLLOW]

This Agreement is entered into between us for the uses and purposes hereinabove set forth as of the Closing Date.

“AUTHORITY”

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Name: **[Scott Thygerson]**
Title: **[Chief Executive Officer]**

By: _____
Name: **[Andrew J. Cantu]**
Title: **[Chief Financial Officer]**

APPROVED AS TO FORM:

By: _____
Name: **[Karen S. Barnes]**
Title: **[Vice President & General
Counsel, Kern County Hospital
Authority]**

“BANK”

PNC BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

EXHIBIT A

FORM OF SECOND AMENDED AND RESTATED BANK NOTE

Dated: February 29, 2024

FOR VALUE RECEIVED, the undersigned, KERN COUNTY HOSPITAL AUTHORITY (the “*Authority*”), HEREBY PROMISES TO PAY to the order of PNC BANK, NATIONAL ASSOCIATION (the “*Bank*”), (i) \$30,000,000, or, in any case, if less, the aggregate unpaid principal amount of all Loans (as such term is defined in the Agreement hereinafter defined) made by the Bank to the Authority, payable at such times as are specified in the Agreement (as defined below), and (ii) interest on the unpaid principal amount of each Loan made by the Bank, from the date of each such Loan until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Agreement; *provided, however*, all principal of, and all earned interest then accrued on, this Bank Note shall be fully and finally due and payable on the dates set forth in the Agreement.

Both principal and interest are payable in lawful money of the United States of America and in immediately available funds as specified in the Agreement. Each Loan made by the Bank to the Authority pursuant to the Agreement and all payments made by the Authority on account of principal hereof and interest hereon shall be recorded by the Bank and, prior to any transfer hereof, endorsed on the schedule attached hereto (which is a part of this Bank Note); *provided* that the failure of the Bank to make any recordation or endorsement shall not affect the obligations of the Authority hereunder or under the Agreement. Notwithstanding any other provision of this Bank Note, interest paid or becoming due hereunder shall in no event exceed the maximum rate permitted by applicable law.

This Second Amended and Restated Bank Note (this “*Bank Note*”) is the Bank Note referred to in, and is entitled to the benefits of, the Second Amended and Restated Credit Agreement dated as of February 29, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “*Agreement*”), between the Authority and the Bank. The Agreement, among other things, provides for the making of Loans by the Bank to the Authority from time to time in an aggregate principal amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Authority to the Bank resulting from each such Loan being evidenced by this Bank Note.

The execution and delivery of this Bank Note by the Authority and the acceptance by the Bank of this Bank Note shall not be deemed or construed to create any commitment to lend or otherwise provide financing or other financial accommodations by the Bank to the Authority or contain any promise by the Bank to make or deliver such a commitment. This Bank Note evidences the Authority’s obligation to repay any Loans that the Bank so elects to make to the Authority. The Bank may, for any reason or no reason at all, refuse to make any Loan at any time without prior notice to the Authority, including without limitation, whether or not a Default or an Event of Default has occurred or exists or whether or not the Bank has made any Loans under similar circumstances. The fact that the Bank may from time to time elect to make Loans to the Authority will not be deemed to establish a course of conduct so as to justify an expectation by the

Authority that the Bank will make any Loans to the Authority in the future or under similar circumstances. Furthermore, the execution and delivery of this Bank Note, the Agreement or any other Loan Document (as such term is defined in the Agreement) does not create an agreement by the Bank and the Authority to negotiate regarding the conditions to any agreement by the Bank to make any Loans or any other terms or provisions relating thereto.

This Bank Note amends and restates in its entirety the Authority's existing \$20,000,000 Amended and Restated Bank Note dated February 28, 2023 (the "*Existing Note*") issued by the Authority under and in connection with the Existing Agreement. All amounts under such Existing Note constitute amounts outstanding under this Bank Note. This Bank Note shall become effective and supersede all provisions of the Existing Note upon the issuance of this Bank Note by the Authority and the fulfillment of all conditions precedent hereof but is not intended to be or operate as a novation or an accord and satisfaction of the Existing Note or the indebtedness, obligations and liabilities of the Authority evidenced or provided for thereunder. The Authority agrees that this Bank Note does not extinguish or discharge the obligations of the Authority under the Existing Note. Reference to this specific Bank Note need not be made in any agreement, document, instrument, letter or certificate, the Existing Note itself or any communication issued or made pursuant to or with respect to the Existing Note, from and after the date hereof, all references made to the Existing Note in any instrument or document shall be deemed to refer to this Bank Note.

[SIGNATURE PAGE TO FOLLOW]

This Bank Note shall be governed by, and construed in accordance with, the laws of the State of California.

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Name: **[Scott Thygersen]**
Title: **[Chief Executive Officer]**

By: _____
Name: **[Andrew J. Cantu]**
Title: **[Chief Financial Officer]**

APPROVED AS TO FORM:

By: _____
Name: **[Karen S. Barnes]**
Title: **[Vice President & General
Counsel, Kern County Hospital
Authority]**

**SCHEDULE FOR SECOND AMENDED AND RESTATED BANK NOTE
DATED FEBRUARY 29, 2024**

DATE OF LOAN	AMOUNT OF LOAN	INTEREST COMPONENT	PRINCIPAL COMPONENT	MATURITY OF LOAN	DATES OF PAYMENT	AMOUNT OF PAYMENT	NAME AND SIGNATURE OF BANK OFFICER
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EXHIBIT B

NOTICE OF LOAN

Date: _____, _____

To: PNC Bank, National Association
2020 Main Street, Suite 950
Irvine, California 92614
Attention: Nick Warner
Telephone: (856) 745-1372
Email: nicolas.warner@pnc.com

with a copy to:

PNC Bank, National Association
2801 E. Camelback Road
Phoenix, Arizona 85016
Attention: Amira Nagati
Telephone: (904) 651-9140
Email: amira.nagati@pnc.com

Ladies and Gentlemen:

The undersigned, an Authorized Representative of Kern County Hospital Authority (the “*Authority*”), refers to the Second Amended and Restated Credit Agreement dated as of February 29, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “*Agreement*”), between the Authority and the Bank, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 3.3 of the Agreement, of the Loan specified below:

1. The Business Day of the proposed Loan is _____, ____.¹
2. The aggregate amount of the proposed Loan is \$_____.
3. The interest rate applicable to such proposed Loan shall be **[Adjusted Daily Simple SOFR][the Adjusted Term SOFR Rate][the Base Rate]**.²
4. **[Such Loan shall be made available to the Authority by wire at _____.]**

¹ Such date shall be at least three (3) Business Days after the date of this Notice of Loan for any Loans bearing interest at the Adjusted Term SOFR Rate.

² The Base Rate option is only available in the event that the Base Rate Portion is required pursuant to the terms of the Agreement.

The undersigned hereby certifies on behalf of the Authority that the following statements are true on the date hereof, and will be true on the date of the proposed Loan, before and after giving effect thereto and to the application of the proceeds therefrom:

(a) the representations and warranties of the Authority contained in Section 5 of the Agreement are true and correct in all material respects as though made on and as of such date; and

(b) no Default or Event of Default has occurred and is continuing or would result from such proposed Loan.

The Person executing this notice and making the certifications herein shall not be liable personally or subject to any personal liability or accountability by reason of the certifications herein. Any action brought as a result of delivery of this notice or the certifications made herein shall be brought against the Authority.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Name _____
Title _____

By _____
Name _____
Title _____

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____, _____

To: PNC Bank, National Association
2020 Main Street, Suite 950
Irvine, California 92614
Attention: Nick Warner
Telephone: (856) 745-1372
Email: nicolas.warner@pnc.com

with a copy to:

PNC Bank, National Association
2801 E. Camelback Road
Phoenix, Arizona 85016
Attention: Amira Nagati
Telephone: (904) 651-9140
Email: amira.nagati@pnc.com

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Credit Agreement dated as of February 29, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “*Agreement*”), between the Kern County Hospital Authority (the “*Authority*”) and PNC Bank National Association (the “*Bank*”). Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Agreement.

The undersigned Authorized Representative hereby certifies as of the date hereof that he/she is the _____ of the Authority, and that, as such, he/she is authorized to execute and deliver this Certificate to the Bank on the behalf of the Authority, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 7.5(a) of the Agreement for the fiscal year of the Authority ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. Attached hereto as Schedule 1 are the quarter-end unaudited financial statements required by Section 7.5(b) of the Agreement for the fiscal year of the Authority ended as of the above date, which includes the balance sheet as of the end of the quarter and a statement of income and expenses.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a review of the transactions and condition (financial or otherwise) of the Authority during the accounting period covered by the attached financial statements.

3. A review of the activities of the Authority during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Authority performed and observed all its Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, the Authority performed and observed each covenant and condition of the Loan Documents applicable to it, and no Default or Event of Default has occurred and is continuing.]

--or--

[the following covenants or conditions have not been performed or observed and the following is a list of each such Default or Event of Default and its nature and status:]

4. The representations and warranties of the Authority contained in Article V of the Agreement are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Certificate, the representations and warranties contained in Section 5.7 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 7.5 of the Agreement, including the statements in connection with which this Certificate is delivered.

Delivery of an executed counterpart of a signature page of this Certificate by fax transmission or other electronic mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____,
_____.

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SCHEDULE 5.23(a)

SUBSIDIARIES

Kern Medical Surgery Center, LLC

SCHEDULE 5.23(b)

EQUITY INVESTMENTS

None.

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

In the matter of:

Resolution No. 2024-____

**APPROVING THE SECOND AMENDED AND
RESTATED CREDIT AGREEMENT, BETWEEN
THE AUTHORITY AND PNC BANK, NATIONAL
ASSOCIATION, AND DELEGATING AUTHORITY
TO CERTAIN OFFICERS**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 21st day of February, 2024, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

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

documents, instruments and certificates necessary to effect the purposes of Resolution No. 2019-004;

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

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

(d) The Credit Agreement provided that the Line of Credit would initially mature on March 1, 2021;

(e) On January 20, 2021, the Board of Governors adopted Resolution No. 2021-003, which, among other things, approved the extension of the maturity date of the Line of Credit to March 1, 2022 and the terms and provisions of the Second Amendment to Credit Agreement;

(f) On February 16, 2022, the Board of Governors adopted Resolution No. 2022-004, which, among other things, approved the extension of the maturity date of the Line of Credit to March 1, 2023 and the terms and provisions of the Third Amendment to Credit Agreement;

(g) On February 22, 2023, the Board of Governors adopted Resolution No. 2023-002, which, among other things, approved the extension of the maturity date of the Line of Credit to March 1, 2024 and the terms and provisions of the Amended and Restated Credit Agreement, which restated the Credit Agreement to reflect, among other things, amendments included pursuant to the Second Amendment to Credit Agreement and the Third Amendment to Credit Agreement;

(h) PNC Bank has advised that it is willing to increase the maximum available principal amount of credit under the Line of Credit to \$30,000,000 and extend the maturity date of the Line of Credit to February 28, 2025 and has advised that it will be desirable to further amend and restate the Amended and Restated Credit Agreement to include provisions for new interest rate setting procedures and certain administrative amendments necessary to comply with PNC Bank's current policies;

(i) On February 6, 2024, the County of Kern, by action of its Board of Supervisors, adopted Resolution No. 2024-032, which approved the Authority's incurrence of up to \$40,000,000 of debt pursuant to the Line of Credit;

(j) Management of the Authority has advised this Board that increasing the maximum available principal amount of credit under the Line of Credit to \$30,000,000, extending the maturity date of the Line of Credit, further amending the Amended and Restated Credit Agreement by executing the Second Amended and Restated Credit Agreement and further amending certain related instruments and documents to provide for the Second Amended and Restated Credit Agreement is advisable and in the best interests of the Authority.

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

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

2. This Board hereby authorizes and approves the increase of the maximum available principal amount of credit under the Line of Credit to \$30,000,000, the extension of the maturity date of the Line of Credit to a date not later than February 28, 2025 and the amendment and restatement of the Amended and Restated Credit Agreement to include provisions for new interest rate setting procedures and certain administrative amendments necessary to comply with PNC Bank's current policies, provided that the Line of Credit shall otherwise be substantially on the same terms set out in the Amended and Restated Credit Agreement and that any indebtedness incurred thereunder at any time shall be secured only by personal property, substantially the same as the personal property described in the General Security and Pledge Agreement previously executed by the Authority, in favor of PNC Bank.

3. This Board hereby authorizes and directs any two of the following officers (each, an "Authorized Officer"), for and in the name of and on behalf of the Authority, to execute the Second Amended and Restated Credit Agreement and an amendment to the Note, or a new note if the Authorized Officers determine that a new note is advisable to effect the purposes of this Resolution, as the Authorized Officers executing the same, together with the Vice President & General Counsel of the Authority, shall approve: Chairman of this Board, Vice-Chairman of this Board, Chief Executive Officer of the Authority, or Chief Financial Officer of the Authority. The execution by any two Authorized Officers shall evidence the approval hereby required.

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

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

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

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

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

Kern Medical Center
Legal Services Department
PNC Bank, National Association



BOARD OF GOVERNORS KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

February 21, 2024

Subject: Proposed retroactive acceptance of grant funds from Public Health Institute CA Bridge Program

Recommended Action: Approve; Adopt Resolution; Authorize Chief Executive Officer to sign supporting agreements

Summary:

The Kern Medical Center Foundation on behalf of Kern Medical, requests that the Kern County Hospital Authority's Board of Governors adopt the proposed resolution to retroactively accept a grant award of \$625,000 from the Public Health Institute to expand testing in the Kern Medical Emergency Department (ED).

The grant will provide funding to expand routine opt-out testing for syphilis, HIV, and hepatitis C virus (HCV) infection through the Emergency Department Syphilis/HIV/HCV Screening Program (EDSP). Under EDSP, Kern Medical will be expected to continue testing programs in the ED, begin treatment as appropriate, provide patient education, and link patients to follow-up care. EDSP includes taking a systemic approach to testing based on the values of human dignity, intersectional and trauma-informed racial and social justice, and harm reduction in the promotion of health equity and person-centered care.

From October 30, 2023 through April 30, 2026, Kern Medical is eligible to receive up to \$625,000 in support of following:

- Establish, expand, or sustain routine, opt-out screening for syphilis, HIV, and HCV.
- Hire or maintain an ED-based patient navigator to link patients who test positive for syphilis, HIV, and HCV to appropriate out-patient treatment.
- Educate providers about syphilis, HIV, and HCV screening and treatment best practices.
- Support the ED in ensuring its capacity for providing evidence-based treatment, as appropriate.
- Build an environment aimed at reducing stigma and providing culturally responsive care.
- Execute and implement a data-sharing agreement with CDPH to provide quarterly de-identified data on ED encounters.
- Establish: 1) follow-up process to treat or link patients who test positive for chlamydia and gonorrhea, and 2) promotion of timely treatment of sexual partners of patients who test positive to chlamydia and gonorrhea.
- **Optional additional activity:** Establish opt-out screening for chlamydia and gonorrhea.
- **Optional additional activity:** Expand access to mpox (monkeypox) vaccination.

Therefore, it is recommended that the Board retroactively approve the acceptance of grant funding from the Public Health Institute, adopt proposed resolution, and authorize the Chief Executive Officer to sign the supporting agreements to receive the funding and participate in the program.

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

In the matter of:

Resolution No. _____

**ACCEPTANCE OF ALL TERMS AND CONDITIONS
OF THE GRANT AWARD FROM THE
DEPARTMENT OF HEALTH CARE
ACCESS AND INFORMATION**

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 the Kern County Hospital Authority at an official meeting thereof on the 21st day of February, 2024, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, §101852 et seq.) provides that the Kern County Hospital Authority (“Authority”) has the power “*to participate in, contract for, and to **accept**, gifts, **grants**, and loans of funds, property, or other aid or finance opportunity in any form **from** the federal government, the state, **a state agency**, or other source or combination thereof, as otherwise would be available to a public, government, or private entity and to comply, subject to this chapter, with the terms and conditions thereof.*” (Emphasis added.) (Health & Saf. Code, §101855(a)(13).); and

(b) The Authority, through the Kern Medical Center Foundation, has applied for grant funds from the Public Health Institute's Bridge Program; and

(c) Kern Medical Center has been awarded \$625,000, to expand routine opt-out testing for syphilis, HIV, and hepatitis C virus (HCV) infection through the *Emergency Department Syphilis/HIV/HCV Screening Program* (EDSP); and

(d) The Public Health Institute requires as a condition of receiving the grant, that the Authority provide the Public Health Institute a true, correct, complete, and certified copy of the attached resolution adopted by the Authority; and

(e) It is in the best interest of the Authority that the acceptance of the grant be completed on the terms indicated above.

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

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

2. This Board has received information about the grant's terms and conditions from the Public Health Institute, and accepts said terms and conditions of the grant and authorizes the approval of the subcontract agreement as specified herein.

3. This Board hereby accepts all terms and conditions of the grant subcontract agreement in the amount of \$625,000, on behalf of the subcontractor, and expressly authorizes and directs Chief Executive Officer, to carry out any duties necessary to effectuate acceptance on behalf of Grantee, including but not limited to the execution and delivery of the grant agreement and other relevant documents as may be necessary.

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

Kern Medical Center
Kern Medical Center Foundation
Legal Services Department
Public Health Institute

SUBCONTRACT AGREEMENT

1. This Subcontract Agreement is entered into between Public Health Institute (“PHI”), as identified in 1 (a), and the Outside Party (Subcontractor”) identified in 2 (a) named below:			
1 (a). PUBLIC HEALTH INSTITUTE 555 12 th Street, Suite 600 Oakland, CA, USA 94607 Tel: 510-285-5500		1(b). PHI’s AUTHORIZED REPRESENTATIVE Matthew Marsom	
1(c). PHI’s PROGRAM REPRESENTATIVE CA Bridge Program EDSP To Treatment* Email: EDSP@bridgetotreatment.org *Contact for Scope of Work-related questions	1(d). PHI’s ADMINISTRATIVE REPRESENTATIVE Pamela Andrews pandrews@phi.org	1(e). PHI’s INVOICES AND PAYMENT CONTACT Any questions, please contact: EDSP@bridgetotreatment.org	
2 (a). KERN MEDICAL CENTER 1800 Mount Vernon Avenue Bakersfield. CA 93306		2 (b). AUTHORIZED REPRESENTATIVE Scott Thygerson, Chief Executive Officer Email: scott.thygerson@kernmedical.com	
3. AGREEMENT NUMBER: 05470-AR67766			
4. PAYMENT TYPE: Fixed Price			
5. TERM OF THIS SUBCONTRACT AGREEMENT: October 30, 2023 through April 30, 2026			
6. MAXIMUM AMOUNT: \$625,000.00			
7. PHI and KERN MEDICAL CENTER hereby enter into this Agreement in accordance with the hereto attached Terms and Conditions and hereto attached Exhibits, which together are all incorporated as a single Agreement.			
AUTHORIZED SIGNATORY PUBLIC HEALTH INSTITUTE		AUTHORIZED SIGNATORY KERN MEDICAL CENTER	
(Signature)	(Date)	(Signature)	(Date)
[Print Name]		[Print Name]	
[Title]		[Title]	

SUBCONTRACT AGREEMENT TERMS AND CONDITIONS

1. SUBCONTRACT DETAILS:

- A. Agreement No.: 05470-AR67766
- B. Prime Award Funding: California Department of Public Health
- C. Prime Award No.: #22-11182
- D. Prime Award Start Date: April 1, 2023
- E. PHI's Program Name: Emergency Department Syphilis/HIV/HCV Screening Program (EDSP).

2. **PERIOD OF PERFORMANCE:** The period of performance for work to be performed in accordance with this Subcontract will start on October 30, 2023 and end on April 30, 2026, unless otherwise amended per the terms of this Subcontract.

3. **SCOPE OF WORK:** Subcontractor will provide the services and complete the deliverables as outlined in Exhibit A ("Scope of Work").

4. **TOTAL AMOUNT:** This fixed price is for up to the fixed price amount of {625,000.00 to be paid in accordance with Exhibit B (Payment Schedule).

5. PAYMENT AND INVOICING

- A. **PAYMENT:** Subcontractor will invoice PHI for services rendered in accordance with Exhibit A (Statement of Objectives) and according to Exhibit B (Payment Schedule). Subject to any Budget Contingency clause of this Agreement, the amounts payable for each fiscal year, if applicable, will be identified in Exhibit B. All costs for this Agreement shall be computed in accordance with the Generally Accepted Accounting Principles (GAAP) used by the Financial Accounting Standards Board (FASB).

Upon approval by the PHI's Program Representative, EDSP To Treatment, of the Subcontractor's invoices, PHI will pay Subcontractor, in arrears, the total fixed price amount specified above. The average time to receive payment is approximately thirty (30) days to allow time for processing by the PHI program and PHI's Accounts Payable.

- B. **INVOICING:** In order to be paid, all invoices shall include the following information:

- 1. Indicate the "Public Health Institute" name as shown on the Agreement;
- 2. Include the PHI Agreement Number;
- 3. Identify the billing and/or performance period covered by the invoice and provide a description of deliverables completed and payment amount for those deliverables for the same period;
- 4. Provide Subcontractor invoice contact, telephone number and/or email address;

SUBCONTRACT AGREEMENT

5. Be prepared in accordance with the approved cost categories identified in Exhibit B and the elements contained in Exhibit B; and
 6. Be certified in ink, by an electronically scanned copy of a signature, or by verifiable electronic signature (e.g., DocuSign, Adobe, etc.) by the Subcontractor's Authorized Representative (or designee).
 7. A copy of the invoice/detailed transaction ledger shall be certified in ink or by an electronically scanned copy of a signature by the Subcontractor Authorized Representative for costs incurred, with the following statement: "I have reviewed the expenditure detail for this invoice to determine the allowability of the charges to this project and certify that the salaries and wages included on this invoice and ledger are an accurate representation of actual time worked." This certified document may be transmitted electronically to the PHI Invoices and Payment Contact.
 8. Subcontractor shall submit the final invoice to PHI, no later than thirty (30) calendar days after the end date of the Agreement. PHI will have no obligation to pay Subcontractor for invoices submitted more than thirty (30) calendar days after the date of expiration of the end date, or Budget Period if applicable, for this Agreement.
 9. Invoices must be submitted directly to the PHI Invoices and Payment Contact listed on page 1.
-
6. **BUDGET CONTINGENCY:** It is mutually agreed that if the funding for the current budget period or any subsequent budget periods is reduced or canceled by the Funder, PHI shall have the option to either terminate this Agreement with no liability occurring to PHI or offer to amend this Agreement to reflect the reduced funding.
 7. **USE OF FUNDS:** This Subcontract will be used in accordance with the Subcontractor's approved budget outlined in Exhibit B (Payment Schedule). Subcontractor will obtain prior written approval of PHI to make material changes in program objectives, implementation strategy, key personnel, or timetable. Requests will be made in writing.
 8. **RECORD RETENTION:** Subcontractor will preserve and retain all of its financial records, supporting documentation and all other records, documents, papers and other materials pertinent to this Agreement for three (3) years following the term of this Agreement, except that records relating to any audit, appeal, claim or litigation arising out of the performance of this Agreement will be retained until such matters are finally resolved or the retention period ends, whichever is later. Subcontractor will make the foregoing financial and other records and materials available to PHI and the funding agency, if any, with advance written notice, at any reasonable time for audit,

SUBCONTRACT AGREEMENT

examination, excerpt and transcription.

9. **APPLICABILITY TO LOWER-TIER VENDORS AND SUPPLIERS:** Outside Party will require its subcontractors, suppliers, employees, consultants, and agents to comply with all applicable provisions of this Agreement.
10. **AUDIT FILING COMPLIANCE:** Subcontractor will comply with the Prime Award audit requirements, if applicable, including providing a copy of its audit documents to PHI if required.
11. **RIGHTS IN DATA:** PHI shall have the right to obtain, reproduce, disclose, or otherwise use Data (including without limitation writings, drawings, designs, data files and similar works) first produced or developed by the Subcontractor is the direct performance of this Agreement and the right to authorize others to do the same. "Data" will mean recorded information, regardless of form or the media on which it may be recorded, including technical data and computer software. Data does not include information incidental to contract administration, such as financial, administrative, cost or pricing, or management information.
12. **DELIVERABLES:** "Deliverables" shall mean any products, materials, and reports or documents (and the data and information as compiled therein) that are required under the Agreement to be generated and delivered to PHI. Deliverables may be used by PHI for any purpose, including analysis of findings, preparation, and submission of applications to the federal and state regulatory agencies and equivalent foreign regulatory agencies. Deliverables specifically excludes raw data and any underlying records created by Subcontractor that are not Deliverables. All Deliverables and any and all rights, title and interest in and to such Deliverables, are and shall be solely and exclusively owned by PHI, subject to the Prime Award.
13. **INTELLECTUAL PROPERTY:** As provided in Exhibit D, Section 6, PHI and CDPH shall be and remain, without additional compensation, the sole owner of any and all rights, title and interest in all Intellectual Property (IP), as defined in Exhibit D, Section 6.A.2 from the moment of creation, whether or not jointly conceived, that are made, conceived, derived from, or reduced to practice by Subcontractor and which result directly or indirectly from the agreement (Subcontract).
Subcontractor will have a royalty-free, non-exclusive, irrevocable, worldwide license to use, reproduce, disseminate, distribute, edit, modify, and create derivative works from all Subcontract IP (with appropriate attribution), in any and all media, in its own publications and other materials for charitable and educational purposes, provided the Subcontractor's use of the IP does not impede PHI and CDPH's ability to publish or present the IP. If there is a conflict between this clause and any other clause in this Subcontract, this clause related to IP shall govern the Parties rights in this IP.
14. **DOCUMENTS, PUBLICATIONS AND WRITTEN REPORTS:** See Exhibit D Sec 9.
15. **INDEPENDENT CONTRACTOR:** Subcontractor is an independent contractor, not

SUBCONTRACT AGREEMENT

an employee of PHI or the Funding Agency, if applicable. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment, or fiduciary relationship between the parties. Subcontractor agrees that it is ineligible for PHI employee benefits and is exclusively responsible for income tax payments, social security, and any and all employment benefits, including but not limited to unemployment insurance and worker's compensation insurance.

16. CONFIDENTIALITY: See Exhibit C-Part A 7.

17. DEBARMENT CERTIFICATION: Subcontractor certifies by signing this Agreement that neither it nor its principals (including research personnel) participating directly or indirectly in the performance of this project are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency as specified in 45 CFR Part 76, Appendix B-Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions. Subcontractor certifies that it is not listed as debarred or suspended in www.sam.gov. Subcontractor will incorporate the requirements of this section in all non-exempt lower tier agreements. Subcontractor will notify PHI should its status herein change. Subcontractor will query www.sam.gov for all non-exempt lower tier covered transactions.

18. INDEMNIFICATION: Each party will indemnify, defend and hold harmless the other party and its directors, officers, members, employees, contractors and agents, and Subcontractor agrees to indemnify, defend and hold harmless the Funding Agency, if any, from and against any and all claims, losses, damages, costs, expenses or other liability resulting directly or indirectly from any intentional or willful misconduct, grossly negligent act, or failure to act by the indemnifying party's directors, officers, employees or agents in the performance of this Agreement, including without limitation any accident or injury to persons or property or any liability for copyright, patent or trademark infringement. The parties' obligations under this section will survive the expiration or termination of this Agreement until all claims involving any of the indemnified matters are fully and finally resolved or barred by applicable statutes of limitation.

19. INSURANCE: Exhibit E Sec 1.

20. LIMITATION OF LIABILITY: to the maximum extent permitted by law, in no event will either party be liable to the other for any indirect, incidental, special, consequential, exemplary, or punitive damages of any kind, lost goodwill, lost profits, lost business, or other indirect economic damages, whether such claim is based on contract, negligence, tort (including strict liability) or other legal theory, as a result of a breach of any warranty or any other term of this Agreement, and regardless of whether a party was advised or had reason to know of the possibility of such damages in advance.

SUBCONTRACT AGREEMENT

21. NON-DISCRIMINATION: As applicable to this agreement, Subcontractor shall comply with:

- A. Executive Order (E.O.) 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
- B. 41 CFR 60-300.5(a), which prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.
- C. 41 CFR 60-741.5(a), which prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

Subcontractor shall incorporate the requirements of this clause in all nonexempt lower tier agreements.

22. EXECUTIVE ORDER: Subcontractor is required to comply with the Governor of California's Executive Order N-6-22 (found at <https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf>) regarding sanctions in response to Russian aggression in Ukraine. Compliance with the EO includes, but is not limited to, compliance with the federal executive orders identified in Executive Order 14065 and the sanctions identified on the United States Department of Treasury website (found at <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>). This clause shall apply to all lower tier transactions (e.g. agreements, sub-agreements, contracts, subcontracts, and subawards, etc.). Subcontractor shall incorporate the contents of this clause into each lower tier transaction.

23. PROHIBITION ON THE USE OF GENERATIVE AI: Subcontractor will not, without the prior written consent of the PHI authorized signatory, use any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models ("Generative AI"), including, but not limited to, Chat GPT, Google BARD, etc., directly or indirectly in the performance of this Agreement or in the creation of, or otherwise incorporated into, any Work under this Agreement. Consistent with this requirement, Subcontractor is specifically prohibited from using Generative AI to analyze, process, or store any information proprietary to the PHI without prior written consent. Subcontractor represents and warrants that its all reports, deliverables and any other information provided under this agreement will be the result of Subcontractor's independent, original efforts without any unapproved Generative AI assistance, and will not

SUBCONTRACT AGREEMENT

incorporate, or be based upon, any output or contribution generated by Subcontractor the Contractor or to the knowledge of Subcontractor, in whole or in part, through use of Generative AI.

24. INCORPORATION BY REFERENCE: All provisions of the prime award that are applicable to this Subcontract are incorporated by reference and Subcontractor will comply with Exhibit C -G.. If any of the prime contract provisions directly and irreconcilably conflict with any other provisions of this Subcontract, the prime contract will take precedence. Subcontract will incorporate the requirements of this section into lower-tier agreements.

25. TERMINATION: PHI may suspend or terminate this agreement at any time by giving thirty (30) days written notice of suspension or termination to Subcontractor if the prime grant is suspended or terminated in whole or in relevant part. If Subcontractor materially fails to comply with, or materially breaches, any of the terms and conditions of this agreement, PHI may provide written notice of the breach and Subcontractor shall have ten (10) business days within which to remedy the breach. If Subcontractor fails to remedy the breach within such period, the Agreement automatically shall terminate upon the expiration of the ten (10) day cure period. Either party may terminate this agreement without cause upon thirty (30) days written notice to the other party. If Subcontractor sends or receives a notice of suspension or termination, Subcontractor will cancel as many outstanding obligations as possible, and will provide a full accounting of all non-cancellable obligations for PHI's review and approval. On the date of suspension or termination, Subcontractor will stop work and Subcontractor will not incur any new obligations. In the case of termination without cause or termination resulting from suspension or termination of the prime award, PHI will pay Subcontractor for costs incurred prior to the date of suspension or termination, including all approved un-cancellable obligations.

26. APPLICABILITY TO LOWER-TIER VENDORS AND SUPPLIERS: Subcontractor will require its subcontractors, suppliers, employees, consultants, and agents to comply with all applicable provisions of this Agreement.

27. AUTHORIZATION: Outside Party represents and warrants that they are fully authorized and empowered to enter into this agreement and that the performance of the obligations under this agreement will not violate any agreement between Outside Party and any other person, firm, or organization.

28. CALIFORNIA CIVIL RIGHTS LAW CERTIFICATIONS:

1. If this Agreement exceeds \$100,000, Subcontractor certifies compliance by signing Exhibit H, with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code).
2. If this Agreement exceeds \$100,000 and Subcontractor has an internal policy against a sovereign nation or peoples recognized by the United States

SUBCONTRACT AGREEMENT

government, Subcontractor certifies that such policies are not used in violation of the Unruh Civil Rights Act (Section 51 of the Civil Code) or the Fair Employment and Housing Act (Section 12960 of the Government Code).

29. STANDARD TERMS AND CONDITIONS

- A. **REPRESENTATIONS:** Subcontractor represents that services will be performed in a good and workmanlike manner, free from defects, and by personnel with the requisite skill, qualifications, and licenses.
- B. **EXCUSABLE DELAY:** If Subcontractor is delayed in the performance of its obligations by reason of power failure, acts of government, or acts of God, or other reasons or causes beyond Subcontractor's reasonable control, Subcontractor provides prompt notice to PHI of the nature and circumstances of the delay, and if agreed to in writing by the Parties, performance may be, at PHI's sole discretion, excused for the period of delay and the Agreement may be extended for a period equivalent to the delay.
- C. **INTERFERING CONDITIONS:** Subcontractor will promptly notify PHI of any condition that might interfere with this Agreement. Notification will not relieve Subcontractor of any responsibilities hereunder.
- D. **WHISTLEBLOWER:** Subcontractor and employees working on this Agreement will be subject to the whistleblower rights and remedies under 41 U.S.C. 4712 as implemented under 48 CFR Subpart 3.9. The Subcontractor will inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.9 of the Federal Acquisition Regulation. The Subcontractor will insert the substance of this clause in all lower tier agreements over the simplified acquisition threshold.
- E. **COMPLIANCE WITH LAW:** Subcontractor will comply with all relevant state and federal statutes and regulations.
- F. **GOVERNING LAW:** The validity, construction, and effect of this Agreement will be governed by the laws of the United States of America and the State of California.
- G. **SEVERABILITY:** If any provision of this Agreement is held in conflict with law, the validity of the remaining provisions will not be affected.
- H. **DISPUTES AND ARBITRATION:** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, will be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the arbitrator's award may be entered in any court having jurisdiction.

SUBCONTRACT AGREEMENT

- I. **ATTORNEY'S FEES:** If any action or proceeding including arbitration is brought by either party against the other under this Agreement, the prevailing party will be entitled to recover court costs and the fees of its attorneys in such action or proceeding in such amount as the court or arbitrator finds reasonable.
- J. **TRADEMARKS:** Neither party will use the name, trade name, trademark or other designation of the other party or its affiliates in connection with any products, promotion or advertising without the prior written permission of the other party.
- K. **WARRANTY:** PHI makes no representations and extends no warranties of any kind, either express or implied. There are no express or implied warranties of merchantability or fitness for a particular purpose, or that the use of the results will not infringe any patent, copyright or trademark or other rights.
- L. **NON-ASSIGNMENT:** This Agreement is not assignable by Subcontractor without the prior written consent of PHI Authorized Representative.
- M. **SURVIVAL OF OBLIGATIONS:** Expiration or termination of this Agreement will not extinguish any previously-accrued rights or obligations of the parties.
- N. **NOTICES:** Any notice given by any of the parties will be sufficient only if in writing to the PHI Administrative Representative and by/to the Subcontractor's Authorized Representative named on the cover page of this agreement.
- O. **ENTIRE AGREEMENT:** This is the entire agreement between the parties. It supersedes all prior oral or written agreements or understandings and it may be amended only in writing.
- P. **AUTHORIZATION:** Subcontractor represents and warrants that they are fully authorized and empowered to enter into this agreement and that the performance of the obligations under this agreement will not violate any agreement between Subcontractor and any other person, firm, or organization.

SUBCONTRACT AGREEMENT

EXHIBIT A SCOPE OF WORK

The California Department of Public Health (CDPH) is partnering with the Public Health Institute's (PHI) Bridge program to expand routine opt-out testing for syphilis, HIV, and hepatitis C virus (HCV) infection through the *Emergency Department Syphilis/HIV/HCV Screening Program* (EDSP).

Hospitals funded under EDSP will be expected to establish or continue testing programs in the ED, begin treatment as appropriate, provide patient education, and link patients to follow-up care. This includes taking a syndemic approach based on the values of human dignity, intersectional and trauma-informed racial and social justice, and harm reduction in the promotion of health equity and person-centered care.

During the period of support under the award, a participating hospital is eligible to receive up to \$625,000 in support of activities including the following, to be performed in accordance with the scheduled deliverables.

- Establish, expand, or sustain routine, opt-out screening for syphilis, HIV, and HCV.
- Hire or maintain an ED-based patient navigator to link patients who test positive for syphilis, HIV, and HCV to appropriate treatment.
- Educate providers about syphilis, HIV, and HCV screening and treatment best practices.
- Support the ED in ensuring its capacity for providing evidence-based treatment, as appropriate.
- Build an environment aimed at reducing stigma and providing culturally responsive care.
- Execute and implement a data-sharing agreement with CDPH to provide quarterly de-identified data on ED encounters; eligibility for testing; testing conducted among those eligible for testing; and testing, linkage to care, and treatment outcomes, where known, using templates to be provided by CDPH.
- **Optional additional activity:** Establish opt-out screening for chlamydia and gonorrhea. Establish: 1) follow-up process to treat or link patients who test positive to chlamydia and gonorrhea, and 2) promotion of timely treatment of sexual partners of patients who test positive to chlamydia and gonorrhea (e.g., through expedited partner therapy or EPT).
- **Optional additional activity:** Expand access to mpox (monkeypox) vaccination.

SUBCONTRACT AGREEMENT

PHI/Bridge and CDPH will provide participating hospitals with access to resources, training, and technical assistance for patient navigators, clinicians, and other hospital staff or stakeholders. PHI/Bridge does not assume responsibility/liability for the care provided by individual sites to patients.

IMPLEMENTATION MILESTONES

Base Award

Over the course of the 2.5-year agreement, contractors will be expected to achieve all of the following implementation milestones:

1. Clinical champion has shared educational materials and training opportunities with ED staff about syphilis/HIV/HCV screening and treatment best practices.
2. Clinical champion has (adapted and) shared standard scripts for health care providers and staff to inform patients that these tests will be performed unless they choose to opt out.
3. Clinical champion has engaged with key stakeholders in the ED/laboratory/hospital administration to explore use of, and develop implementation plans for, electronic health record (EHR) alerts and order sets for syphilis, HIV, and HCV testing for all patients who meet criteria for inclusion.
4. Clinical champion has engaged with key stakeholders in the ED/hospital to develop and document screening protocols.
5. Clinical champion has engaged with key stakeholders to develop and document laboratory implementation plans for timely turnaround testing of syphilis, HIV, and HCV.
6. Clinical champion has engaged with key stakeholders to develop implementation plans for administering treatment for syphilis in the ED, and explore the feasibility of, and develop plans for, administering treatment for HIV and HCV in the ED.
7. Clinical champion has engaged with key stakeholders in the ED/hospital to develop and document patient flow for screening, delivering results, treatment, and linkage to care for patients who test positive for syphilis, HIV, and HCV.
8. Clinical champion and/or patient navigator(s) have engaged with LHD contact(s) to develop and document standard operating procedures for referral pathways and linkage to care for patients who test positive for syphilis, HIV, and HCV.
9. Clinical champion has engaged with information technology (IT), EHR, and other key stakeholders in the ED/hospital to establish mechanisms to report quarterly data to CDPH per data-sharing agreement.
10. Routine opt-out testing is being provided in the ED for syphilis.
11. Routine opt-out testing is being provided in the ED for HIV.
12. Routine opt-out testing is being provided in the ED for HCV.

SUBCONTRACT AGREEMENT

13. Patient navigator is engaging patients with positive test results and documenting services provided, including, but not limited to, providing patient education, and linking to care, partner treatment and/or prevention (e.g., HIV PrEP) services, and other supportive services (e.g., transportation, housing, mental health care, substance use treatment, and financial assistance).
14. Clinical champion has established regular meetings (e.g., biweekly) with patient navigator(s).
15. Clinical champion, patient navigator(s), and other key stakeholders engage in regular (e.g., quarterly) review of data to identify opportunities for quality improvement to increase the number of tests conducted, to improve the rate of patient treatment and linkage to care, and to improve equitable access and culturally responsive care.
16. A plan with specific action steps for sustaining the EDSP has been created.

(Optional Additional Activities under Base Award) Hospitals Implementing Optional Additional Activities (e.g., opt-out screening for chlamydia and gonorrhea; mpox vaccination)

17. Hospital has provided a summary of quantitative outcomes (e.g., testing volume, positivity, vaccines administered) and successes, challenges, and lessons learned (e.g., in implementing partner treatment [EPT]).

Hospitals with Navigator Supplemental Funding

18. Additional 1.0 FTE (e.g., second) patient navigator is engaging patients with positive test results and documenting services provided, including, but not limited to, providing patient education, and linking to care, partner treatment and/or prevention (e.g., HIV PrEP) services, and other supportive services (e.g., transportation, housing, mental health care, substance use treatment, and financial assistance).

DELIVERABLES

Agreement Execution Deliverables

Timeline: Within 2 months of fully executed agreement

Payment: \$312,500

1. Completed and updated contact information (e.g., name, title, email, and telephone) for the following staff members: (1) Clinical champion, (2) ED Medical Director or Chair, (3) Patient navigator(s) (if hired), (4) Patient navigator supervisor, (5) ED nursing director, (6) Hospital chief quality officer or chief medical officer (or equivalent), (7) Lab champion, (8) Local health department (LHD) contact. Note: CDPH may be able to assist EDs in connecting with their LHD counterparts, where available, if EDs do not already have established relationships.

SUBCONTRACT AGREEMENT

2. Clinical champion, patient navigator (if applicable), and other key stakeholders in the ED/hospital (as identified by the ED clinical champion) have attended a kick-off meeting with PHI/Bridge to review agreement deliverables and timelines.
3. Reporting form documenting completion of deliverables is submitted (Note: Format will be provided by PHI/Bridge.)

Six-Month Deliverables

Timeline: April 15, 2024, or upon completion

Payment: \$62,500

Program Participation

1. Clinical champion and patient navigator(s) working on the ED Syphilis/HIV/HCV Screening Program have participated in the ED Community of Practice and program training webinars that occur during the reporting period.
2. Clinical champion has shared a link to the Pre-Project All-Staff Survey with ED staff.
3. Reporting form documenting completion of deliverables is submitted. (Note: Format will be provided by PHI/Bridge.)

Data Sharing Agreement

1. CDPH confirms that the site is participating in or has made a good-faith effort towards participating in, the data-sharing agreement with CDPH.
2. CDPH confirms that the site has provided, or made a good-faith effort towards providing, an initial data submission for the 12 months prior to the agreement start date and engaged in an iterative data quality improvement process with CDPH, as needed, to provide quarterly data per the data-sharing agreement.

Implementation Milestones

1. Four of the implementation milestones have been achieved.

12-Month Deliverables

Timeline: October 15, 2024, or upon completion

Payment: \$62,500

Program Participation

1. Clinical champion and patient navigator(s) working on the ED Syphilis/HIV/HCV Screening Program have participated in the ED Community of Practice and program training webinars that occur during the reporting period.
2. Site is providing regular quarterly data submissions to CDPH per the data-sharing agreement.
3. Reporting form documenting completion of deliverables is submitted (Note: Format will be provided by PHI/Bridge.)

SUBCONTRACT AGREEMENT

Implementation Milestones

1. Routine screening for at least one of the three infections (e.g., syphilis/HIV/HCV) has begun.
2. Nine of the implementation milestones have been achieved, including Milestone 13.
3. Navigator Supplemental Funding (Milestone 18): Additional 1.0 FTE (e.g., second) patient navigator is engaging patients with positive test results and documenting services provided, including, but not limited to, providing patient education, and linking to care, partner treatment and/or prevention (e.g., HIV PrEP) services, and other supportive services (e.g., transportation, housing, mental health care, substance use treatment, and financial assistance).

18-Month Deliverables

Timeline: April 15, 2025, or upon completion

Payment: \$62,500

Program Participation

1. Clinical champion and Patient navigator(s) working on the ED Syphilis/HIV/HCV Screening Program have participated in the ED Community of Practice and program training webinars that occur during the reporting period.
2. Site is providing regular quarterly data submissions to CDPH per the data-sharing agreement.
3. Reporting form documenting completion of deliverables is submitted (Note: Format will be provided by PHI/Bridge.)

Implementation Milestones

1. Routine screening for at least two of the three infections (e.g., syphilis/HIV/HCV) has begun.
2. Twelve of the implementation milestones have been achieved.
3. Navigator Supplemental Funding (Milestone 18): Additional 1.0 FTE (e.g., second) patient navigator is engaging patients with positive test results and documenting services provided, including, but not limited to, providing patient education, and linking to care, partner treatment and/or prevention (e.g., HIV PrEP) services, and other supportive services (e.g., transportation, housing, mental health care, substance use treatment, and financial assistance).

24-Month Deliverables

Timeline: October 15, 2025, or upon completion

Payment: \$62,500

Program Participation

1. Clinical champion and patient navigator(s) working on the ED Syphilis/HIV/HCV Screening Program have participated in the ED Community of Practice and program training webinars that occur during the reporting period.

SUBCONTRACT AGREEMENT

2. Clinical champion and patient navigator(s) have engaged in key informant interview(s) with CDPH staff to share successes, challenges, and best practices.
3. Clinical champion, patient navigator(s), and other key stakeholders have engaged in site visit (virtual or in-person) with CDPH staff.
4. Site is providing regular quarterly data submissions to CDPH per the data-sharing agreement.
5. Reporting form documenting completion of deliverables is submitted (Note: Format will be provided by PHI/Bridge.)

Implementation Milestones

1. Routine screening for all three infections (e.g., syphilis/HIV/HCV) has begun.
2. All 16 implementation milestones have been achieved (17 implementation milestones achieved, if implementing optional additional activities).
3. Navigator Supplemental Funding (Milestone 18): Additional 1.0 FTE (e.g., second) patient navigator is engaging patients with positive test results and documenting services provided, including, but not limited to, providing patient education, and linking to care, partner treatment and/or prevention (e.g., HIV PrEP) services, and other supportive services (e.g., transportation, housing, mental health care, substance use treatment, and financial assistance).

30-Month Deliverables

Timeline: April 15, 2026, or upon completion. No later than April 30, 2026.

Payment: \$62,500

Program Participation

1. Clinical champion and navigator(s) working on the ED Syphilis/HIV/HCV Screening Program have participated in the ED Community of Practice and program training webinars that occur during the reporting period.
2. Site is providing regular quarterly data submissions to CDPH per the data-sharing agreement.
3. Clinician Champion has shared the link to the Post-Project All-Staff Survey with ED staff and obtained a minimum 50% response rate.
4. Final report is submitted to PHI/Bridge, including facilitators; barriers and how to overcome them; successes; best practices; copies of all protocols, scripts, and workflows; patient-facing and training materials; and implementation recommendations.
5. Reporting form documenting completion of deliverables is submitted (Note: Format will be provided by PHI/Bridge.)

Implementation Milestones

1. Program continues operation with all 16 implementation milestones in place (17 implementation milestones in place, if implementing optional additional activities).

SUBCONTRACT AGREEMENT

2. Navigator Supplemental Funding (Milestone 18): Additional 1.0 FTE (e.g., second) patient navigator is engaging patients with positive test results and documenting services provided, including, but not limited to, providing patient education, and linking to care, partner treatment and/or prevention (e.g., HIV PrEP) services, and other supportive services (e.g., transportation, housing, mental health care, substance use treatment, and financial assistance).

EXHIBIT B PAYMENT SCHEDULE

Deliverable	Timeline	Payment
Agreement Execution Deliverables Satisfactory completion of Agreement Execution Deliverables, submission of reporting form, and submission of invoice.	Within 2 months of fully executed agreement	\$312,500
6-Month Deliverables Satisfactory completion of 6-month deliverables, submission of reporting form, and submission of invoice.	April 15, 2024, or upon completion	\$62,500
12-Month Deliverables Satisfactory completion of 12-month deliverables, submission of reporting form, and submission of invoice.	October 15, 2024, or upon completion	\$62,500
18-Month Deliverables Satisfactory completion of 18-month deliverables, submission of reporting form, and submission of invoice.	April 15, 2025, or upon completion	\$62,500
24-Month Deliverables Satisfactory completion of 24-month deliverables, submission of reporting form, and submission of invoice.	October 15, 2025, or upon completion	\$62,500
30-Month Deliverables Satisfactory completion of 30-month deliverables, submission of reporting form, submission of invoice, and submission of signed contractor's release form (Exhibit F)	April 15, 2026, or upon completion. No later than April 30, 2026.	\$62,500
Total Subcontract Amount		\$625,000

SUBCONTRACT AGREEMENT

**EXHIBITS C-G
SEE ATTACHED**

Contractor Certification Clause

CCC 04/2017

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Contractor/Bidder Firm Name (Printed)	Federal ID Number
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By (Authorized Signature)

Printed Name and Title of Person Signing

Date Executed	Executed in the County of
---------------	---------------------------

CONTRACTOR CERTIFICATION CLAUSES

STATEMENT OF COMPLIANCE:

Contractor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

DRUG-FREE WORKPLACE REQUIREMENTS:

Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b) Establish a Drug-Free Awareness Program to inform employees about:
 1. the dangers of drug abuse in the workplace;
 2. the person's or organization's policy of maintaining a drug-free workplace;
 3. any available counseling, rehabilitation and employee assistance programs; and,

4. penalties that may be imposed upon employees for drug abuse violations.
- c) Provide that every employee who works on the proposed Agreement will:
1. receive a copy of the company's drug-free policy statement; and,
 2. agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

NATIONAL LABOR RELATIONS BOARD CERTIFICATION:

Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT:

Contractor hereby certifies that contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lesser of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

EXPATRIATE CORPORATIONS:

Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

SWEATFREE CODE OF CONDUCT:

- a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in

whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations [website](#) and Public Contract Code Section 6108.

- b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

DOMESTIC PARTNERS:

For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.3.

GENDER IDENTITY:

For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.35.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

CONFLICT OF INTEREST:

Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

a) Current State Employees (PCC 10410):

1. No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
2. No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

b) Former State Employees (PCC 10411):

1. For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-

making process relevant to the contract while employed in any capacity by any state agency.

2. For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC 10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

LABOR CODE/WORKERS' COMPENSATION:

Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

AMERICANS WITH DISABILITIES ACT:

Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

CONTRACTOR NAME CHANGE:

An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

- a) When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b) "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c) Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good

standing by calling the Office of the Secretary of State.

RESOLUTION:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

AIR OR WATER POLLUTION VIOLATION:

Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

PAYEE DATA RECORD FORM STD. 204:

This form must be completed by all contractors that are not another state agency or other government entity.

Exhibit D
Special Terms and Conditions

1. Procurement Rules

(Applicable to all Subvention /Local Assistance contracts in which equipment, property, commodities and/or supplies are furnished by CDPH or expenses for said items are reimbursed with state or federal funds.)

A. Equipment definitions

Wherever the term equipment /property is used, the following definitions shall apply:

1. **Major equipment/property:** A tangible or intangible item having a base unit cost of **\$2,500 or more** with a life expectancy of one (1) year or more and is either furnished by CDPH or the cost is reimbursed through this Agreement. Software and videos are examples of intangible items that meet this definition.
2. **Minor equipment/property:** A tangible item having a base unit cost of **less than \$2,500** with a life expectancy of one (1) year or more and is either furnished by CDPH or the cost is reimbursed through this Agreement.

B. Government and public entities (including state colleges/universities and auxiliary organizations), whether acting as a contractor, may secure all commodities, supplies, equipment and services related to such purchases that are required in performance of this Agreement. Said procurements are subject to Paragraphs d through g of this provision. Paragraph c of this provision shall also apply, if equipment purchases are delegated to subcontractors that are nonprofit organizations or commercial businesses.

C. Nonprofit organizations and commercial businesses, whether acting as a contractor and/or subcontractor, may secure commodities, supplies, equipment and services related to such purchases for performance under this Agreement.

1. Equipment purchases shall not exceed \$50,000 annually.

To secure equipment above the annual maximum limit of \$50,000, the Contractor shall make arrangements through the appropriate CDPH Program Contract Manager to have all remaining equipment purchased through CDPH's Purchasing Unit. The cost of equipment purchased by or through CDPH shall be deducted from the funds available in this Agreement. Contractor shall submit to the CDPH Program Contract Manager a list of equipment specifications for those items that the State must procure. The State may pay the vendor directly for such arranged equipment purchases and title to the equipment will remain with CDPH. The equipment will be delivered to the Contractor's address, as stated on the face of the Agreement, unless the Contractor notifies the CDPH Program Contract Manager, in writing, of an alternate delivery address.

Exhibit D
Special Terms and Conditions

2. All equipment purchases are subject to paragraphs d through g of this provision. Paragraph b of this provision shall also apply if equipment purchases are delegated to subcontractors that are either a government or public entity.
3. Nonprofit organizations and commercial businesses shall use a procurement system that meets the following standards:
 - (a) Maintain a code or standard of conduct that shall govern the performance of its officers, employees, or agents engaged in awarding procurement contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a procurement, or bid contract in which, to his or her knowledge, he or she has a financial interest.
 - (b) Procurements shall be conducted in a manner that provides, to the maximum extent practical, open and free competition.
 - (c) Procurements shall be conducted in a manner that provides for all of the following:
 - I. Avoid purchasing unnecessary or duplicate items.
 - II. Equipment solicitations shall be based upon a clear and accurate description of the technical requirements of the goods to be procured.
 - III. Take positive steps to utilize small and veteran owned businesses.
- D. Unless waived or otherwise stipulated in writing by CDPH, prior written authorization from the appropriate CDPH Program Contract Manager will be required before the Contractor will be reimbursed for any purchase **exceeding** \$2,500 or more for commodities, supplies, equipment, and services related to such purchases. The Contractor must provide in its request for authorization all particulars necessary, as specified by CDPH, for evaluating the necessity or desirability of incurring such costs. The term "purchase" excludes the purchase of services from a subcontractor and public utility services at rates established for uniform applicability to the general public.
- E. In special circumstances determined by CDPH (e.g., when CDPH has a need to monitor certain purchases, etc.), CDPH may require prior written authorization and/or the submission of paid vendor receipts for any purchase regardless of dollar amount. CDPH reserves the right to either deny claims for reimbursement or to request repayment for any Contractor purchase that CDPH determines to be unnecessary in carrying out performance under this Agreement.
- F. The Contractor must maintain a copy or narrative description of the procurement system, guidelines, rules, or regulations that will be used to make purchases under this Agreement. The State reserves the right to request a copy of these documents and to inspect the purchasing practices of the Contractor at any time.

Exhibit D
Special Terms and Conditions

- G. For all purchases, the Contractor must maintain copies of all paid vendor invoices, documents, bids and other information used in vendor selection for inspection or audit. Justifications supporting the absence of bidding (i.e., sole source purchases) shall also be maintained on file by the Contractor for inspection or audit.

2. Equipment Ownership / Inventory / Disposition

(Applicable to agreements in which equipment and/or property is furnished by CDPH and/or when said items are purchased or reimbursed with State and Federal funds (absence a Federal requirement for transfer of title))

- A. Wherever the terms equipment and/or property are used in this provision, the definitions in provision 1, paragraph A., shall apply.

Unless otherwise stipulated in this Agreement, all equipment and/or property that are purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement shall be considered state equipment and the property of CDPH.

1. CDPH requires the reporting, tagging and annual inventorying of all equipment and/or property that is furnished by CDPH or purchased/reimbursed with funds provided through this Agreement.

Upon receipt of equipment and/or property, the Contractor shall report the receipt to the CDPH Program Contract Manager. To report the receipt of said items and to receive property tags, Contractor shall use a form or format designated by CDPH's Asset Management Unit. If the appropriate form (i.e., Contractor Equipment Purchased with CDPH Funds) does not accompany this Agreement, Contractor shall request a copy from the CDPH Program Contract Manager.

2. If the Contractor enters into an agreement with a term of more than twelve months, the Contractor shall submit an annual inventory of state equipment and/or property to the CDPH Program Contract Manager using a form or format designated by CDPH's Asset Management Unit. If an inventory report form (i.e., Inventory/Disposition of CDPH-Funded Equipment) does not accompany this Agreement, Contractor shall request a copy from the CDPH Program Contract Manager. Contractor shall:

- (a) Include in the inventory report, equipment and/or property in the Contractor's possession and/or in the possession of a subcontractor (including independent consultants).
- (b) Submit the inventory report to CDPH according to the instructions appearing on the inventory form or issued by the CDPH Program Contract Manager.

Exhibit D
Special Terms and Conditions

- (c) Contact the CDPH Program Contract Manager to learn how to remove, trade-in, sell, transfer or survey off from the inventory report, expired equipment and/or property that is no longer wanted, usable or has passed its life expectancy. Instructions will be supplied by CDPH's Asset Management Unit.
- B. Title to state equipment and/or property shall not be affected by its incorporation or attachment to any property not owned by the State.
- C. Unless otherwise stipulated, CDPH shall be under no obligation to pay the cost of restoration or rehabilitation of the Contractor's and/or Subcontractor's facility which may be affected by the removal of any state equipment and/or property.
- D. The Contractor shall maintain and administer a sound business program for ensuring the proper use, maintenance, repair, protection, insurance and preservation of state equipment and/or property.
 - 1. In administering this provision, CDPH may require the Contractor to repair or replace to CDPH's satisfaction any damaged, lost or stolen state equipment and/or property. Contractor shall immediately file a theft report with the appropriate police agency or the California Highway Patrol and Contractor shall promptly submit one copy of the theft report to the CDPH Program Contract Manager.
- E. Unless otherwise stipulated by the program funding this Agreement, equipment and/or property purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement, shall only be used for performance of this Agreement or another CDPH agreement.
- F. Within sixty (60) calendar days prior to the termination or end of this Agreement, the Contractor shall provide a final inventory report of equipment and/or property to the CDPH Program Contract Manager and shall, at that time, query CDPH as to the requirements, including the manner and method, of returning state equipment and/or property to CDPH. Final disposition of equipment and/or property shall be at CDPH expense and according to CDPH instructions. Equipment and/or property disposition instructions shall be issued by CDPH immediately after receipt of the final inventory report. At the termination or conclusion of this Agreement, CDPH may at its discretion, authorize the continued use of state equipment and/or property for performance of work under a different CDPH agreement.

G. Motor Vehicles

(Applicable only if motor vehicles are purchased/reimbursed with agreement funds or furnished by CDPH under this Agreement.)

- 1. If motor vehicles are purchased/reimbursed or furnished by CDPH under the terms of this Agreement, within thirty (30) calendar days prior to the termination or end of this

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Agreement, the Contractor shall return such vehicles to CDPH and shall deliver all necessary documents of title or registration to enable the proper transfer of a marketable title to CDPH.

2. If motor vehicles are purchased/reimbursed or furnished by CDPH under the terms of this Agreement, **the State of California shall be the legal owner of said motor vehicles and the Contractor shall be the registered owner.** The Contractor shall only use said vehicles for the performance under the terms of this Agreement.
3. The Contractor agrees that all operators of motor vehicles, purchased/reimbursed or furnished by CDPH under the terms of this Agreement, shall hold a valid State of California driver's license. In the event that ten or more passengers are to be transported in any one vehicle, the operator shall also hold a State of California Class B driver's license.
4. If any motor vehicle is purchased/reimbursed or furnished by CDPH under the terms of this Agreement, the Contractor, as applicable, shall provide, maintain, and certify that, at a minimum, the following type and amount of automobile liability insurance is in effect during the term of this Agreement or any extension period during which any vehicle remains in the Contractor's possession:

Automobile Liability Insurance

- (a) The Contractor, by signing this Agreement, hereby certifies that it possesses or will obtain automobile liability insurance in the amount of \$1,000,000 per occurrence for bodily injury and property damage combined. Said insurance must be obtained and made effective upon the delivery date of any motor vehicle purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement to the Contractor.
- (b) The Contractor shall, as soon as practical, furnish a copy of the certificate of insurance to the CDPH Program Contract Manager. The certificate of insurance shall identify the CDPH contract or agreement number for which the insurance applies.
- (c) The Contractor agrees that bodily injury and property damage liability insurance, as required herein, shall remain in effect at all times during the term of this Agreement or until such time as the motor vehicle is returned to CDPH.
- (d) The Contractor agrees to provide at least thirty (30) days prior to the expiration date of said insurance coverage a copy of a new certificate of insurance evidencing continued coverage, as indicated herein for not less than the remainder of the term of this Agreement, the term of any extension or continuation thereof, or for a period of not less than one (1) year.

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- (e) The Contractor, if not a self-insured government and/or public entity, must provide evidence, that any required certificates of insurance contain the following provisions:
 - I. The insurer will not cancel the insured's coverage without giving thirty (30) calendar days prior written notice to the State.
 - II. The State of California, its officers, agents, employees, and servants are included as additional insureds, but only with respect to work performed for the State under this Agreement and any extension or continuation of this Agreement.
 - III. The insurance carrier shall notify CDPH in writing, of the Contractor's failure to pay premiums; its cancellation of such policies; or any other substantial change, including, but not limited to, the status, coverage, or scope of the required insurance. Such notices shall contain a reference to each agreement number for which the insurance was obtained.
- (f) The Contractor is hereby advised that copies of certificates of insurance may be subject to review and approval by the Department of General Services (DGS), Office of Risk and Insurance Management. The Contractor shall be notified by CDPH, in writing, if this provision is applicable to this Agreement. If DGS approval of the certificate of insurance is required, the Contractor agrees that no work or services shall be performed prior to obtaining said approval.
- (g) In the event the Contractor fails to keep insurance coverage as required herein in effect at all times during vehicle possession, CDPH may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.

3. Subcontract Requirements

(Applicable to agreements under which services are to be performed by subcontractors including independent consultants.)

- A. Prior written authorization by the State is required before the Contractor enters into or is reimbursed for any subcontract for services exceeding \$2,500 for any articles, supplies, equipment, or services. The Contractor shall obtain and submit articles of at least three complete quotations or adequate justification for the absence of bidding.
- B. CDPH reserves the right to approve or disapprove the selection of subcontractors and with advance written notice, require the substitution of subcontractors and require the Contractor to terminate subcontracts entered into in support of this Agreement.

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1. Upon receipt of a written notice from CDPH requiring the substitution and/or termination of a subcontract, the Contractor shall take steps to ensure the completion of any work in progress and select a replacement, if applicable, within 30 calendar days, unless a longer period is agreed to by CDPH.
- C. Actual subcontracts (i.e., written agreement between the Contractor and a subcontractor) exceeding \$2,500 are subject to the prior review and written approval of CDPH.
- D. Contractor shall maintain a copy of each subcontract entered into in support of this Agreement and shall, upon request by CDPH, make copies available for approval, inspection, or audit.
- E. CDPH assumes no responsibility for the payment of subcontractors used in the performance of this Agreement. Contractor accepts sole responsibility for the payment of subcontractors used in the performance of this Agreement.
- F. The Contractor is responsible for all performance requirements under this Agreement even though performance may be carried out through a subcontract.
- G. The Contractor shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this Agreement and shall be the subcontractor's sole point of contact for all matters related to the performance and payment during the term of this Agreement.
- H. The Contractor agrees to include the following clause, relevant to record retention, in all subcontracts for services:

"(Subcontractor Name) agrees to maintain and preserve, until three years after termination of (Agreement Number) and final payment from CDPH to the Contractor, to permit CDPH or any duly authorized representative, to have access to, examine or audit any pertinent books, documents, papers and records related to this subcontract and to allow interviews of any employees who might reasonably have information related to such records."

4. Income Restrictions

Unless otherwise stipulated in this Agreement, the Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor under this Agreement shall be paid by the Contractor to CDPH, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by CDPH under this Agreement.

5. Site Inspection

The State, through any authorized representatives, has the right at all reasonable times to

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inspect or otherwise evaluate the work performed or being performed hereunder including subcontract supported activities and the premises in which it is being performed. If any inspection or evaluation is made of the premises of the Contractor or Subcontractor, the Contractor shall provide and shall require Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the services performed.

6. Intellectual Property Rights

A. Ownership

1. Except where CDPH has agreed in a signed writing to accept a license, CDPH shall be and remain, without additional compensation, the sole owner of any and all rights, title and interest in all Intellectual Property, from the moment of creation, whether or not jointly conceived, that are made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement.
2. For the purposes of this Agreement, Intellectual Property means recognized protectable rights and interest such as: patents, (whether or not issued) copyrights, trademarks, service marks, applications for any of the foregoing, inventions, trade secrets, trade dress, logos, insignia, color combinations, slogans, moral rights, right of publicity, author's rights, contract and licensing rights, works, mask works, industrial design rights, rights of priority, know how, design flows, methodologies, devices, business processes, developments, innovations, good will and all other legal rights protecting intangible proprietary information as may exist now and/or hereafter come into existence, and all renewals and extensions, regardless of whether those rights arise under the laws of the United States, or any other state, country or jurisdiction.
 - (a) For the purposes of the definition of Intellectual Property, "works" means all literary works, writings and printed matter including the medium by which they are recorded or reproduced, photographs, art work, pictorial and graphic representations and works of a similar nature, film, motion pictures, digital images, animation cells, and other audiovisual works including positives and negatives thereof, sound recordings, tapes, educational materials, interactive videos and any other materials or products created, produced, conceptualized and fixed in a tangible medium of expression. It includes preliminary and final products and any materials and information developed for the purposes of producing those final products. Works does not include articles submitted to peer review or reference journals or independent research projects.
3. In the performance of this Agreement, Contractor will exercise and utilize certain of its Intellectual Property in existence prior to the effective date of this Agreement. In addition, under this Agreement, Contractor may access and utilize certain of CDPH's Intellectual Property in existence prior to the effective date of this Agreement. Except

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as otherwise set forth herein, Contractor shall not use any of CDPH's Intellectual Property now existing or hereafter existing for any purposes without the prior written permission of CDPH. **Except as otherwise set forth herein, neither the Contractor nor CDPH shall give any ownership interest in or rights to its Intellectual Property to the other Party.** If during the term of this Agreement, Contractor accesses any third-party Intellectual Property that is licensed to CDPH, Contractor agrees to abide by all license and confidentiality restrictions applicable to CDPH in the third-party's license agreement.

4. Contractor agrees to cooperate with CDPH in establishing or maintaining CDPH's exclusive rights in the Intellectual Property, and in assuring CDPH's sole rights against third parties with respect to the Intellectual Property. If the Contractor enters into any agreements or subcontracts with other parties in order to perform this Agreement, Contractor shall require the terms of the Agreement(s) to include all Intellectual Property provisions. Such terms must include, but are not limited to, the subcontractor assigning and agreeing to assign to CDPH all rights, title and interest in Intellectual Property made, conceived, derived from, or reduced to practice by the subcontractor, Contractor or CDPH and which result directly or indirectly from this Agreement or any subcontract.
5. Contractor further agrees to assist and cooperate with CDPH in all reasonable respects, and execute all documents and, subject to reasonable availability, give testimony and take all further acts reasonably necessary to acquire, transfer, maintain, and enforce CDPH's Intellectual Property rights and interests.

B. Retained Rights / License Rights

1. Except for Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement, Contractor shall retain title to all of its Intellectual Property to the extent such Intellectual Property is in existence prior to the effective date of this Agreement. Contractor hereby grants to CDPH, without additional compensation, a permanent, non-exclusive, royalty free, paid-up, worldwide, irrevocable, perpetual, non-terminable license to use, reproduce, manufacture, sell, offer to sell, import, export, modify, publicly and privately display/perform, distribute, and dispose Contractor's Intellectual Property with the right to sublicense through multiple layers, for any purpose whatsoever, to the extent it is incorporated in the Intellectual Property resulting from this Agreement, unless Contractor assigns all rights, title and interest in the Intellectual Property as set forth herein.
2. Nothing in this provision shall restrict, limit, or otherwise prevent Contractor from using any ideas, concepts, know-how, methodology or techniques related to its performance under this Agreement, provided that Contractor's use does not infringe the patent, copyright, trademark rights, license or other Intellectual Property rights of CDPH or

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third party, or result in a breach or default of any provisions of this Exhibit or result in a breach of any provisions of law relating to confidentiality.

C. Copyright

1. Contractor agrees that for purposes of copyright law, all works [as defined in Paragraph A, subparagraph 2.(a) of this provision] of authorship made by or on behalf of Contractor in connection with Contractor's performance of this Agreement shall be deemed "works made for hire". Contractor further agrees that the work of each person utilized by Contractor in connection with the performance of this Agreement will be a "work made for hire," whether that person is an employee of Contractor or that person has entered into an agreement with Contractor to perform the work. Contractor shall enter into a written agreement with any such person that: (i) all work performed for Contractor shall be deemed a "work made for hire" under the Copyright Act and (ii) that person shall assign all right, title, and interest to CDPH to any work product made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement.
2. All materials, including, but not limited to, visual works or text, reproduced or distributed pursuant to this Agreement that include Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement, shall include CDPH's notice of copyright, which shall read in 3mm or larger typeface: "© [Enter Current Year e.g., 2014, etc.], California Department of Public Health. This material may not be reproduced or disseminated without prior written permission from the California Department of Public Health." This notice should be placed prominently on the materials and set apart from other matter on the page where it appears. Audio productions shall contain a similar audio notice of copyright.

D. Patent Rights

With respect to inventions made by Contractor in the performance of this Agreement, which did not result from research and development specifically included in the Agreement's scope of work, Contractor hereby grants to CDPH a license as described under Section b of this provision for devices or material incorporating or made through the use of such inventions. If such inventions result from research and development work specifically included within the Agreement's scope of work, then Contractor agrees to assign to CDPH, without additional compensation, all its right, title and interest in and to such inventions and to assist CDPH in securing United States and foreign patents with respect thereto.

E. Third-Party Intellectual Property

Except as provided herein, Contractor agrees that its performance of this Agreement shall not be dependent upon or include any Intellectual Property of Contractor or third party

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without first: (i) obtaining CDPH's prior written approval; and (ii) granting to or obtaining for CDPH, without additional compensation, a license, as described in Section b of this provision, for any of Contractor's or third-party's Intellectual Property in existence prior to the effective date of this Agreement. If such a license upon these terms is unattainable and CDPH determines that the Intellectual Property should be included in or is required for Contractor's performance of this Agreement, Contractor shall obtain a license under terms acceptable to CDPH.

F. Warranties

(1) Contractor represents and warrants that:

- (a) It is free to enter into and fully perform this Agreement.
- (b) It has secured and will secure all rights and licenses necessary for its performance of this Agreement.
- (c) Neither Contractor's performance of this Agreement, nor the exercise by either Party of the rights granted in this Agreement, nor any use, reproduction, manufacture, sale, offer to sell, import, export, modification, public and private display/performance, distribution, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement will infringe upon or violate any Intellectual Property right, non-disclosure obligation, or other proprietary right or interest of any third-party or entity now existing under the laws of, or hereafter existing or issued by, any state, the United States, or any foreign country. There is currently no actual or threatened claim by any such third party based on an alleged violation of any such right by Contractor.
- (d) Neither Contractor's performance nor any part of its performance will violate the right of privacy of, or constitute a libel or slander against any person or entity.
- (e) It has secured and will secure all rights and licenses necessary for Intellectual Property including, but not limited to, consents, waivers or releases from all authors of music or performances used, and talent (radio, television and motion picture talent), owners of any interest in and to real estate, sites, locations, property or props that may be used or shown.
- (f) It has not granted and shall not grant to any person or entity any right that would or might derogate, encumber, or interfere with any of the rights granted to CDPH in this Agreement.
- (g) It has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

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(h) It has no knowledge of any outstanding claims, licenses or other charges, liens, or encumbrances of any kind or nature whatsoever that could affect in any way Contractor's performance of this Agreement.

(2) CDPH MAKES NO WARRANTY THAT THE INTELLECTUAL PROPERTY RESULTING FROM THIS AGREEMENT DOES NOT INFRINGE UPON ANY PATENT, TRADEMARK, COPYRIGHT OR THE LIKE, NOW EXISTING OR SUBSEQUENTLY ISSUED.

G. Intellectual Property Indemnity

(1) Contractor shall indemnify, defend and hold harmless CDPH and its licensees and assignees, and its officers, directors, employees, agents, representatives, successors, and users of its products, ("Indemnitees") from and against all claims, actions, damages, losses, liabilities (or actions or proceedings with respect to any thereof), whether or not rightful, arising from any and all actions or claims by any third party or expenses related thereto (including, but not limited to, all legal expenses, court costs, and attorney's fees incurred in investigating, preparing, serving as a witness in, or defending against, any such claim, action, or proceeding, commenced or threatened) to which any of the Indemnitees may be subject, whether or not Contractor is a party to any pending or threatened litigation, which arise out of or are related to (i) the incorrectness or breach of any of the representations, warranties, covenants or agreements of Contractor pertaining to Intellectual Property; or (ii) any Intellectual Property infringement, or any other type of actual or alleged infringement claim, arising out of CDPH's use, reproduction, manufacture, sale, offer to sell, distribution, import, export, modification, public and private performance/display, license, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement. This indemnity obligation shall apply irrespective of whether the infringement claim is based on a patent, trademark or copyright registration that issued after the effective date of this Agreement. CDPH reserves the right to participate in and/or control, at Contractor's expense, any such infringement action brought against CDPH.

(2) Should any Intellectual Property licensed by the Contractor to CDPH under this Agreement become the subject of an Intellectual Property infringement claim, Contractor will exercise its authority reasonably and in good faith to preserve CDPH's right to use the licensed Intellectual Property in accordance with this Agreement at no expense to CDPH. CDPH shall have the right to monitor and appear through its own counsel (at Contractor's expense) in any such claim or action. In the defense or settlement of the claim, Contractor may obtain the right for CDPH to continue using the licensed Intellectual Property or replace or modify the licensed Intellectual Property so that the replaced or modified Intellectual Property becomes non-infringing provided that such replacement or modification is functionally equivalent to the original

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licensed Intellectual Property. If such remedies are not reasonably available, CDPH shall be entitled to a refund of all monies paid under this Agreement without restriction or limitation of any other rights and remedies available at law or in equity.

- (3) Contractor agrees that damages alone would be inadequate to compensate CDPH for breach of any term of this Intellectual Property Exhibit by Contractor. Contractor acknowledges CDPH would suffer irreparable harm in the event of such breach and agrees CDPH shall be entitled to obtain equitable relief, including without limitation an injunction, from a court of competent jurisdiction without restriction or limitation of any other rights and remedies available at law or in equity.

H. Survival

The provisions set forth herein shall survive any termination or expiration of this Agreement or any project schedule.

7. Prior Approval of Training Seminars, Workshops or Conferences

Contractor shall obtain prior CDPH approval of the location, costs, dates, agenda, instructors, instructional materials, and attendees at any reimbursable training seminar, workshop, or conference conducted pursuant to this Agreement and of any reimbursable publicity or educational materials to be made available for distribution. The Contractor shall acknowledge the support of the State whenever publicizing the work under this Agreement in any media. This provision does not apply to necessary staff meetings or training sessions held for the staff of the Contractor in order to conduct routine business matters.

8. Confidentiality of Information

The Contractor and its employees, agents, or subcontractors shall:

- a. Protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this Agreement or persons whose names or identifying information become available or are disclosed to the Contractor, its employees, agents, or subcontractors as a result of services performed under this Agreement, except for statistical information not identifying any such person.
- b. Not use such identifying information for any purpose other than carrying out the Contractor's obligations under this Agreement.
- c. Promptly transmit to the CDPH Contract Manager all requests for disclosure of such identifying information not emanating from the client or person.
- d. Not disclose, except as otherwise specifically permitted by this Agreement or authorized by the client, any such identifying information to anyone other than CDPH without prior

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written authorization from the CDPH Contract Manager, except if disclosure is required by State or Federal law.

- e. For purposes of this provision, identity shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.
- f. As deemed applicable by CDPH, this provision may be supplemented by additional terms and conditions covering personal health information (PHI) or personal, sensitive, and/or confidential information (PSCI). Said terms and conditions will be outlined in one or more exhibits that will either be attached to this Agreement or incorporated into this Agreement by reference.

9. Documents, Publications and Written Reports

(Applicable to agreements over \$5,000 under which publications, written reports and documents are developed or produced. Government Code Section 7550.)

Any document, publication or written report (excluding progress reports, financial reports and normal contractual communications) prepared as a requirement of this Agreement shall contain, in a separate section preceding the main body of the document, the number and dollar amounts of all contracts or agreements and subcontracts relating to the preparation of such document or report, if the total cost for work by nonemployees of the State exceeds \$5,000.

10. Dispute Resolution Process

- A. A Contractor grievance exists whenever there is a dispute arising from CDPH's action in the administration of an agreement. If there is a dispute or grievance between the Contractor and CDPH, the Contractor must seek resolution using the procedure outlined below.
 - 1. The Contractor should first informally discuss the problem with the CDPH Program Contract Manager. If the problem cannot be resolved informally, the Contractor shall direct its grievance together with any evidence, in writing, to the CDPH Program Branch Chief. The grievance shall state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The CDPH Program Branch Chief shall render a decision within ten (10) business days after receipt of the written grievance from the Contractor. The CDPH Program Branch Chief shall respond in writing to the Contractor indicating the decision and reasons, therefore. If the Contractor disagrees with the CDPH Program Branch Chief's decision, the Contractor may appeal to the second level.
 - 2. When appealing to the second level, the Contractor must prepare an appeal indicating the reasons for disagreement with CDPH Program Branch Chief's decision. The

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Contractor shall include with the appeal a copy of the Contractor's original statement of dispute along with any supporting evidence and a copy of the CDPH Program Branch Chief's decision. The appeal shall be addressed to the CDPH Deputy Director of the division in which the branch is organized within ten (10) business days from receipt of the CDPH Program Branch Chief's decision. The CDPH Deputy Director of the division in which the branch is organized, or his/her designee shall meet with the Contractor to review the issues raised. A written decision signed by the CDPH Deputy Director of the division in which the branch is organized or his/her designee shall be directed to the Contractor within twenty (20) business days of receipt of the Contractor's second level appeal.

- B. If the Contractor wishes to appeal the decision of the Deputy Director of the division in which the branch is organized or his/her designee, the Contractor shall follow the procedures set forth in Division 25.1 (commencing with Section 38050) of the Health and Safety Code and the regulations adopted thereunder. (Title 1, Division 2, Chapter 2, Article 3 (commencing with Section 1140) of the California Code of Regulations).
- C. Disputes arising out of an audit, examination of an agreement or other action not covered by subdivision (a) of Section 20204, of Chapter 2.1, Title 22 Division 2, Subdivision 2, of the California Code of Regulations, and for which no procedures for appeal are provided in statute, regulation or the Agreement, shall be handled in accordance with the procedures identified in Sections 51016 through 51047, Title 22 Division 3, Subdivision 1, Chapter 3, California Code of Regulations.
- D. Unless otherwise stipulated in writing by CDPH, all dispute, grievance and/or appeal correspondence shall be directed to the CDPH Contract Manager.
- E. There are organizational differences within CDPH's funding programs and the management levels identified in this dispute resolution provision may not apply in every contractual situation. When a grievance is received and organizational differences exist, the Contractor shall be notified in writing by the CDPH Contract Manager of the level, name, and/or title of the appropriate management official that is responsible for issuing a decision at a given level.

11. Officials Not to Benefit

No members of or delegate of Congress or the State Legislature shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom. This provision shall not be construed to extend to this Agreement if made with a corporation for its general benefits.

12. Prohibited Use of State Funds for Software

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Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

13. Contract Uniformity (Fringe Benefit Allowability)

(Applicable only to nonprofit organizations.)

Pursuant to the provisions of Article 7 (commencing with Section 100525) of Chapter 3 of Part 1 of Division 101 of the Health and Safety Code, CDPH sets forth the following policies, procedures, and guidelines regarding the reimbursement of fringe benefits.

A. As used herein fringe benefits shall mean an employment benefit given by one's employer to an employee in addition to one's regular or normal wages or salary.

B. As used herein, fringe benefits do not include:

1. Compensation for personal services paid currently or accrued by the Contractor for services of employees rendered during the term of this Agreement, which is identified as regular or normal salaries and wages, annual leave, vacation, sick leave, holidays, jury duty and/or military leave/training
2. Director's and executive committee member's fees
3. Incentive awards and/or bonus incentive pay
4. Allowances for off-site pay
5. Location allowances
6. Hardship pay
7. Cost-of-living differentials

C. Specific allowable fringe benefits include:

1. Fringe benefits in the form of employer contributions for the employer's portion of payroll taxes (i.e., FICA, SUI, SDI), employee health plans (i.e., health, dental and vision), unemployment insurance, worker's compensation insurance, and the employer's share of pension/retirement plans, provided they are granted in accordance with established written organization policies and meet all legal and Internal Revenue Service requirements.

D. To be an allowable fringe benefit, the cost must meet the following criteria:

1. Be necessary and reasonable for the performance of the Agreement.
2. Be determined in accordance with generally accepted accounting principles.
3. Be consistent with policies that apply uniformly to all activities of the Contractor.

E. Contractor agrees that all fringe benefits shall be at actual cost.

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F. Earned/Accrued Compensation

1. Compensation for vacation, sick leave and holidays is limited to that amount earned/accrued within the agreement term. Unused vacation, sick leave and holidays earned from periods prior to the agreement term cannot be claimed as allowable costs. See section F.3.A. below for an example.
2. For multiple year agreements, vacation and sick leave compensation, which is earned/accrued but not paid, due to employee(s) not taking time off may be carried over and claimed within the overall term of the multiple years of the Agreement. Holidays cannot be carried over from one agreement year to the next. See Provision F.3.B. for an example.
3. For single year agreements, vacation, sick leave and holiday compensation that is earned/accrued but not paid, due to employee(s) not taking time off within the term of the Agreement, cannot be claimed as an allowable cost. See Provision F.3.C. for an example.

A. Example No. 1:

If an employee, John Doe, earns/accrues three weeks of vacation and twelve days of sick leave each year, then that is the maximum amount that may be claimed during a one year agreement. If John Doe has five weeks of vacation and eighteen days of sick leave at the beginning of an agreement, the Contractor during a one-year budget period may only claim up to three weeks of vacation and twelve days of sick leave as actually used by the employee. Amounts earned/accrued in periods prior to the beginning of the Agreement are not an allowable cost.

B. Example No. 2:

If during a three-year (multiple year) agreement, John Doe does not use his three weeks of vacation in year one, or his three weeks in year two, but he does actually use nine weeks in year three; the Contractor would be allowed to claim all nine weeks paid for in year three. The total compensation over the three-year period cannot exceed 156 weeks (3 x 52 weeks).

C. Example No. 3:

If during a single year agreement, John Doe works fifty weeks and used one week of vacation and one week of sick leave and all fifty-two weeks have been billed to CDPH, the remaining unused two weeks of vacation and seven days of sick leave may not be claimed as an allowable cost.

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14. Cancellation

- A. This agreement may be cancelled by CDPH **without cause** upon 30 calendar days advance written notice to the Contractor.
- B. CDPH reserves the right to cancel or terminate this agreement immediately for cause. The Contractor may submit a written request to terminate this agreement only if CDPH substantially fails to perform its responsibilities as provided herein.
- C. The term “for cause” shall mean that the Contractor fails to meet the terms, conditions, and/or responsibilities of this agreement.
- D. Agreement termination or cancellation shall be effective as of the date indicated in CDPH’s notification to the Contractor. The notice shall stipulate any final performance, invoicing or payment requirements.
- E. Upon receipt of a notice of termination or cancellation, the Contractor shall take immediate steps to stop performance and to cancel or reduce subsequent agreement costs.
- F. In the event of early termination or cancellation, the Contractor shall be entitled to compensation for services performed satisfactorily under this agreement and expenses incurred up to the date of cancellation and any non-cancelable obligations incurred in support of this agreement.

Exhibit E
Additional Provisions

1. Insurance Requirements

A. General Provisions Applying to All Policies

1. Coverage Term – Coverage needs to be in force for the complete term of the Agreement. If insurance expires during the term of the Agreement, a new certificate and required endorsements must be received by the State at least ten (10) business days prior to the expiration of this insurance. Any new insurance must comply with the original Agreement terms.
2. Policy Cancellation or Termination and Notice of Non-Renewal – Contractor shall provide to the CDPH within five (5) business days following receipt by Contractor a copy of any cancellation or non-renewal of insurance required by this Contract. In the event Contractor fails to keep in effect at all times the specified insurance coverage, the CDPH may, in addition to any other remedies it may have, terminate this Contract upon the occurrence of such event, subject to the provisions of this Contract.
3. Premiums, Assessments and Deductibles – Contractor is responsible for any premiums, policy assessments, deductibles or self-insured retentions contained within their insurance program.
4. Primary Clause – Any required insurance contained in this Agreement shall be primary and not excess or contributory to any other insurance carried by the CDPH.
5. Insurance Carrier Required Rating – All insurance companies must carry an AM Best rating of at least “A–” with a financial category rating of no lower than VI. If Contractor is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.
6. Endorsements – Any required endorsements requested by the CDPH must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.
7. Inadequate Insurance – Inadequate or lack of insurance does not negate Contractor’s obligations under the Agreement.
8. Use of Subcontractors - In the case of Contractor’s utilization of Subcontractors to complete the contracted scope of work, Contractor shall include all Subcontractors as insured under Contractor’s insurance or supply evidence of the Subcontractor’s insurance to the CDPH equal to policies, coverages, and limits required of Contractor.

Exhibit E
Additional Provisions

B. Insurance Coverage Requirements

Contractor shall display evidence of certificate of insurance evidencing the following coverage:

1. Commercial General Liability – Contractor shall maintain general liability with limits not less than \$1,000,000 per occurrence for bodily injury and property damage combined with a \$2,000,000 annual policy aggregate. The policy shall include coverage for liabilities arising out of premises, operations, independent Contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured Agreement. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to Contractor's limit of liability. The policy shall be endorsed to include, "The State of California, its officers, agents and employees, are included as additional insured, but only with respect to work performed for the state of California under this agreement." This endorsement must be supplied under form acceptable to the Office of Risk and Insurance Management.
2. Automobile Liability (when required) – Contractor shall maintain motor vehicle liability insurance with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. Should the scope of the Agreement involve transportation of hazardous materials, evidence of an MCS-90 endorsement is required. The policy shall be endorsed to include, "The State of California, its officers, agents and employees, are included as additional insured, but only with respect to work performed for the state of California under this agreement." This endorsement must be supplied under form acceptable to the Office of Risk and Insurance Management.
3. Worker's Compensation and Employer's Liability (when required) – Contractor shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the Agreement. Employer's liability limits of \$1,000,000 are required. When work is performed on State owned or controlled property the policy shall contain a waiver of subrogation endorsement in favor of the State. This endorsement must be supplied under form acceptable to the Office of Risk and Insurance Management.
4. Professional Liability (when required) – Contractor shall maintain professional liability covering any damages caused by a negligent error act or omission with limits not less than \$1,000,000 per occurrence and \$1,000,000 policy aggregate. The policy's retroactive date must be displayed on the certificate of insurance and must be before the date this Agreement was executed or before the beginning of Agreement work.

Exhibit E
Additional Provisions

5. Environmental/Pollution Liability (when required) – Contractor shall maintain pollution liability for limits not less than \$1,000,000 per claim covering Contractor's liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs incurred arising out of the work or services to be performed under this Agreement. Coverage shall be provided for both work performed on site as well as transportation and proper disposal of hazardous materials. The policy shall be endorsed to include, "The State of California, its officers, agents and employees, are included as additional insured, but only with respect to work performed for the state of California under this agreement." This endorsement must be supplied under form acceptable to the Office of Risk and Insurance Management.
6. Aircraft Liability (when required) - Contractor shall maintain aircraft liability with a limit not less than \$3,000,000. The policy shall be endorsed to include, "The State of California, its officers, agents and employees, are included as additional insured, but only with respect to work performed for the state of California under this agreement." This endorsement must be supplied under form acceptable to the Office of Risk and Insurance Management.

Contractor's Release

Instructions to Contractor:

With final invoice(s) submit one (1) original and one (1) copy. The original must bear the original signature of a person authorized to bind the Contractor. The additional copy may bear photocopied signatures.

Submission of Final Invoice

Pursuant to **contract number** 22-11172 entered into between the State of California Department of Public Health (CDPH) and the Contractor (identified below), the Contractor does acknowledge that final payment has been requested via **invoice number(s)** _____, in the **amount(s) of \$** _____ and **dated** _____.
If necessary, enter "See Attached" in the appropriate blocks and attach a list of invoice numbers, dollar amounts and invoice dates.

Release of all Obligations

By signing this form, and upon receipt of the amount specified in the invoice number(s) referenced above, the Contractor does hereby release and discharge the State, its officers, agents and employees of and from any and all liabilities, obligations, claims, and demands whatsoever arising from the above referenced contract.

Repayments Due to Audit Exceptions / Record Retention

By signing this form, Contractor acknowledges that expenses authorized for reimbursement does not guarantee final allowability of said expenses. Contractor agrees that the amount of any sustained audit exceptions resulting from any subsequent audit made after final payment will be refunded to the State.

All expense and accounting records related to the above referenced contract must be maintained for audit purposes for no less than three years beyond the date of final payment, unless a longer term is stated in said contract.

Recycled Product Use Certification

By signing this form, Contractor certifies under penalty of perjury that a minimum of 0% unless otherwise specified in writing of post consumer material, as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether it meets the requirements of Public Contract Code Section 12209. Contractor specifies that printer or duplication cartridges offered or sold to the State comply with the requirements of Section 12156(e).

Reminder to Return State Equipment/Property (If Applicable)

(Applies only if equipment was provided by CDPH or purchased with or reimbursed by contract funds)

Unless CDPH has approved the continued use and possession of State equipment (as defined in the above referenced contract) for use in connection with another CDPH agreement, Contractor agrees to promptly initiate arrangements to account for and return said equipment to CDPH, at CDPH's expense, if said equipment has not passed its useful life expectancy as defined in the above referenced contract.

Patents / Other Issues

By signing this form, Contractor further agrees, in connection with patent matters and with any claims that are not specifically released as set forth above, that it will comply with all of the provisions contained in the above referenced contract, including, but not limited to, those provisions relating to notification to the State and related to the defense or prosecution of litigation.

ONLY SIGN AND DATE THIS DOCUMENT WHEN ATTACHING TO THE FINAL INVOICE

Contractor's Legal Name (as on contract): _____

Signature of Contractor or Official Designee: _____ Date: _____

Printed Name/Title of Person Signing: _____

CDPH Distribution: Accounting (Original) Program

DARFUR CONTRACTING ACT CERTIFICATION

DGS PD 1 (Rev. 12/19)

EXHIBIT G

Public Contract Code Sections 10475 -10481 applies to any company that currently or within the previous three years has had business activities or other operations outside of the United States. For such a company to bid on or submit a proposal for a State of California contract, the company must certify that it is either a) not a scrutinized company; or b) a scrutinized company that has been granted permission by the Department of General Services to submit a proposal.

If your company has not, within the previous three years, had any business activities or other operations outside of the United States, you do **not** need to complete this form.

OPTION #1 - CERTIFICATION

If your company, within the previous three years, has had business activities or other operations outside of the United States, in order to be eligible to submit a bid or proposal, please insert your company name and Federal ID Number and complete the certification below.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that a) the prospective proposer/bidder named below is **not** a scrutinized company per Public Contract Code 10476; and b) I am duly authorized to legally bind the prospective proposer/bidder named below. This certification is made under the laws of the State of California.

<i>Company/Vendor Name (Printed)</i>	<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>	<i>Date</i>
<i>Printed Name and Title of Person Signing</i>	

OPTION #2 – WRITTEN PERMISSION FROM DGS

Pursuant to Public Contract Code Section 10477(b), the Director of the Department of General Services may permit a scrutinized company, on a case-by-case basis, to bid on or submit a proposal for a contract with a state agency for goods or services, if it is in the best interests of the state. If you are a scrutinized company that has obtained written permission from the DGS to submit a bid or proposal, complete the information below.

We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

<i>Company/Vendor Name (Printed)</i>	<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>	<i>Date</i>
<i>Printed Name and Title of Person Signing</i>	

Pursuant to Public Contract Code section 2010, a person that submits a bid or proposal to, or otherwise proposes to enter into or renew a contract with, a state agency with respect to any contract in the amount of \$100,000 or above shall certify, under penalty perjury, at the time the bid or proposal is submitted or the contract is renewed, all of the following:

1. CALIFORNIA CIVIL RIGHTS LAWS: For contracts executed or renewed after January 1, 2017, the contractor certifies compliance with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code); and
2. EMPLOYER DISCRIMINATORY POLICIES: For contracts executed or renewed after January 1, 2017, if a Contractor has an internal policy against a sovereign nation or peoples recognized by the United States government, the Contractor certifies that such policies are not used in violation of the Unruh Civil Rights Act (Section 51 of the Civil Code) or the Fair Employment and Housing Act (Section 12960 of the Government Code).

CERTIFICATION

I, the official named below, certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct. <i>Proposer/Bidder Firm Name (Printed)</i>		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County and State of</i>	

DATA USE AGREEMENT FOR LIMITED DATA SETS

This Data Use Agreement (“Agreement”), effective as of _____, 2023 (“Effective Date”), is entered into by and between California Department of Public Health (“Recipient”), whose principal place of business is 850 Marina Bay Parkway, Building P, Richmond, CA 94804 and **[Insert HOSPITAL EMERGENCY DEPARTMENT]** (“Covered Entity”), whose principal place of business is **[STREET ADDRESS, CITY]**, California **[ZIP CODE]**. Recipient and Covered Entity may be referred to in this Agreement individually as a “party” and collectively as “parties.”

1. **Purpose.** The purpose of this Agreement is to provide Recipient with access to a Limited Data Set (“LDS”) for use in the Emergency Department Syphilis/HIV/HCV Screening Program (EDSP) evaluation (“Evaluation”) in accord with the privacy and confidentiality provisions of the Health Insurance Portability and Accountability Act (“HIPAA”), including 45 C.F.R. § 164.512(b), the National Institute of Standards and Technology (“NIST”), the California Medical Information Act (“CMIA”), California data breach law, and their implementing regulations, as may be amended from time to time.
2. **Definitions.** Unless otherwise specified in this Agreement, all capitalized terms used in this Agreement not otherwise defined have the meaning established for purposes of the “HIPAA Regulations” codified at Title 45 parts 160 through 164 of the United States Code of Federal Regulations, as amended from time to time.
3. **Preparation of the LDS.** Covered Entity shall prepare and furnish to Recipient an LDS with the variables set forth on Exhibit A in accord with the HIPAA Regulations. Covered Entity will contact Recipient for support on quality assurance to align LDS with Exhibit A, as needed, throughout the course of this Agreement.
 - a. By April 15, 2024, Covered Entity shall provide Recipient an LDS for January – December 2023 or be in contact with Recipient to engage in an iterative quality assurance process to provide LDS in alignment with Exhibit A.
 - b. By October 15, 2024, Covered Entity shall provide Recipient with an updated LDS for January – August 2024.
 - c. By January 15, 2025, Covered Entity shall provide Recipient with an updated LDS for September – November 2024.
 - d. By April 15, 2025, Covered Entity shall provide Recipient with an updated LDS for December 2024 – February 2025.
 - e. By July 15, 2025, Covered Entity shall provide Recipient with an updated LDS for March – May 2025.

- f. By October 15, 2025, Covered Entity shall provide Recipient with an updated LDS for June – August 2025.
 - g. By January 15, 2026, Covered Entity shall provide Recipient with an updated LDS for September – November 2025.
 - h. By April 15, 2026, Covered Entity shall provide Recipient with an updated LDS for December 2025 – March 15, 2026 and a final retrospective LDS covering the entire grant period.
- 4. Minimum Necessary Data Fields in the LDS. In preparing the LDS, Covered Entity shall include the data fields specified by the parties from time to time, which are the minimum necessary to accomplish the purposes set forth in Section 5 of this Agreement.
- 5. Transmission of the LDS. Recipient shall create a secure folder on existing extranet site (CDPH File Transfer Protocol (FTP) site) where LDS electronic data files can be transmitted securely. Access to extranet site is restricted to individuals who have an approved account and the secure folder will only be visible and accessible to individuals involved in the secure data transfer. Access to this folder shall be restricted to Recipient's project data managers. Unless the Agreement has been extended by mutual consent of both parties, the folder shall be deleted one year after the project concludes or six (6) years from the date of this Agreement, whichever comes first. Data transfer and storage processes are consistent with other Recipient projects and partnerships involving secure data. The Covered Entity shall encrypt the data file prior to upload to the extranet site secure folder and email the username/password to the Recipient separately, or use any other compliant method of providing the data to Recipient as agreed upon by the parties.
- 6. License Grant to Use Data. Covered Entity hereby grants to Recipient a limited, non-exclusive, non-transferable and revocable license to access, copy and use the data provided pursuant to this Agreement ("Data"). Recipient and Covered Entity acknowledge that Recipient may present and prepare the results of the Evaluation for publication submission subject to the restrictions set forth below.
- 7. Responsibilities of Recipient. Recipient agrees to:
 - a. Use or disclose the Data only for the Evaluation permitted by this Agreement or as required by law;
 - b. Not copy, decompile, modify, reverse engineer or create derivative works out of any of the Data;
 - c. Follow standard CDPH protocols for data storage and dissemination to protect the Data from misuse and unauthorized access, use or disclosure.

- d. Use appropriate safeguards to prevent use or disclosure of the Data other than as permitted by this Agreement or required by law, including:
 - i. Maintaining adequate physical controls and password protections for any server or system on which the Data is stored;
 - ii. Ensuring that Data is not stored on any mobile device (for example, a laptop or smartphone) or transmitted electronically unless encrypted; and
 - iii. Taking any other measures reasonably necessary to prevent any use or disclosure of the Data other than as allowed under this Agreement.
- e. Not attempt to identify any person whose information is contained in any Data or attempt to contact those persons;
- f. Within five (5) business days, report to Covered Entity any access, use or disclosure of the Data of which it becomes aware that is not permitted by this Agreement or required by law, including the presence of prohibited identifiers in the Data; and
- g. Require any of its subcontractors or agents that receive or have access to the Data to agree to the same obligations, restrictions and conditions on the use and/or disclosure of the Data that apply to Recipient under this Agreement.
- h. Recipient reserves the right to publish or present the results of the Evaluation, with due regard to the protection of any confidential information provided by Covered Entity. Recipient shall submit any presentation or manuscript of any proposed publication to Covered Entity at least fifteen (15) days before publication, and Covered Entity shall have the right to review and comment upon the presentation or publication. Any presentation, data product or publication that is co-branded with the branding of both Recipient and Covered Entity, including when Recipient staff are listed as co-authors, must be approved through standard, respective Recipient and Covered Entity agency approval processes.
- i. If Recipient publishes or presents the results of the Evaluation, it shall acknowledge Covered Entity as the source of the Data. If Covered Entity participates in the writing and/or provides significant feedback to the Evaluation or publication, Covered Entity should be listed as an author.
- j. Provide Covered Entity with any aggregation, evaluation or analysis created using the Data, which Covered Entity can use for its own purposes, including but not limited to education, operations, quality management/assurance, publications and presentations. In the event Covered Entity uses such aggregation, evaluation or analysis, it shall

acknowledge Recipient of the source of such aggregation, evaluation or analysis.

8. Term and Termination.

- a. Term. The term of this Agreement shall commence as of the Effective Date and terminate five (5) years from Effective Date unless earlier terminated as set forth below.
- b. Termination by Recipient. Recipient may terminate this agreement at any time by providing written notice to the Covered Entity and returning or destroying the Data.
- c. Termination by Covered Entity. Covered Entity may terminate this agreement at any time by providing written notice to Recipient.
- d. For Breach. Other than as specifically enumerated in paragraph 7 (f), Covered Entity shall provide written notice to Recipient within ten (10) days of any determination that Recipient has breached a material term of this Agreement. Covered Entity shall afford Recipient an opportunity to cure said alleged material breach upon mutually agreeable terms. Failure to agree on mutually agreeable terms for cure within thirty (30) days shall be grounds for the immediate termination of this Agreement by Covered Entity.
- e. Effect of Termination. Sections 7 a-g of this Agreement shall survive any termination of this Agreement under subsections 8c-d.
- f. Return or Destruction of Data and Property. On the expiration or termination of this Agreement, or on Covered Entity's request, Recipient shall promptly:
 - i. Return the Data and any other property, information and documents provided by Covered Entity,
 - ii. Destroy all copies it made of Data and any other property, information and documents, and
 - iii. If requested by Covered Entity, deliver to Recipient a certificate confirming Recipient's compliance with the return or destruction obligation under this section.

9. No Warranty.

- a. Provided "As Is". The Data is provided "as is."
- b. No Warranty of Accuracy or Completeness. Covered Entity does not make any warranty as to the accuracy or completeness of the Data.

10. Intellectual Property.

- a. No License to Existing Intellectual Property. The parties acknowledge that this Agreement does not constitute a grant by either party to the other of any license or right to either party's intellectual property existing as of the Effective Date.
- b. Ownership of Developed Intellectual Property. If either party develops any new intellectual property in connection with this, the parties shall enter into a separate definitive agreement regarding the ownership of that new intellectual property.

11. Use of Name. Neither party shall use the other party's name, logos, trademarks or other marks without that party's written consent.

12. Miscellaneous.

- a. Change in Law. The parties agree to negotiate in good faith to amend this Agreement to comport with changes in federal or state law that materially alter either or both parties' obligations under this Agreement. Provided however, that if the parties are unable to agree to mutually acceptable amendment(s) by the compliance date of the change in applicable law or regulations, either party may terminate this Agreement as provided in section 8.
- b. Construction of Terms. The terms of this Agreement shall be construed to give effect to applicable federal interpretative guidance regarding the HIPAA Regulations.
- c. Assignment. Neither party may assign this Agreement or any of their rights or obligations under this Agreement without the other party's written consent.
- d. No Third Party Beneficiaries. Nothing in this Agreement shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.
- e. Method of Notice. The parties shall give all notices and communications between the parties in writing by (i) personal delivery, (ii) a nationally-recognized next-day courier service, (iii) first-class registered or certified mail, postage prepaid, (iv) fax, or (v) electronic mail to the party's address specified in this Agreement or to the address that a party has notified to that party's address for the purposes of this section.
- f. Governing Law. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California, without regard to the conflict of laws rules.

- g. Severability. If any part of this Agreement is declared unenforceable or invalid, the remainder shall continue to be valid and enforceable.
- h. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed in its name and on its behalf.

**KERN MEDICAL CENTER
COVERED ENTITY**

**California Department of Public Health
RECIPIENT**

Signature: _____

Signature: _____

Print Name: Scott Thygerson

Print Name: _____

Print Title: Chief Executive Officer

Print Title: _____

APPROVED AS TO FORM:
Legal Services Department

By Shannon Hochstein
Kern County Hospital Authority



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

February 21, 2024

Subject: Proposed retroactive acceptance of donation of travel and related expenses from UKG Inc. for "UKG Industry Executive Summit 2024"

Recommended Action: Approve; Adopt Resolution

Summary:

The Authority's conflict of interest policy prohibits employees from receiving or accepting money or any other consideration from anyone other than the Authority for the performance of an act which the employee would be required or expected to render in the regular course of his or her employment.

UKG provides the Authority's payroll and human resource information systems. UKG has offered to donate to the Authority all travel and related expenses for one Kern Medical Center employee to attend "UKG Industry Executive Summit 2024", in San Diego, California, from February 5-7, 2024. This training session is necessary in connection with official Authority business.

Kern Medical Center recommends your Board adopt the attached proposed resolution to accept the donation of travel and related expenses from UKG Inc. and retroactively authorize the Chief Executive Officer to designate one employee to attend this important conference.

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

In the matter of:

Resolution No. 2024-____

**RETROACTIVE ACCEPTANCE OF
DONATION OF TRAVEL AND RELATED
EXPENSES FROM UKG INC. FOR THE
“UKG INDUSTRY EXECUTIVE SUMMIT 2024”**

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 21st day of February, 2024, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The conflict of interest policy for the Kern County Hospital Authority (“Authority”) prohibits Authority employees from receiving or accepting money or any other consideration from anyone other than the Authority for the performance of an act which the employee would be required or expected to render in the regular course of his or her employment; and

(b) UKG Inc. (“UKG”) provides the payroll and human resource information systems for the Authority; and

(c) UKG Inc. has offered to donate to the Authority travel and related expenses for one Authority employee to attend the “UKG Industry Executive Summit 2024” in San Diego, California, from February 5-7 2024; and

(d) The training session is necessary in connection with official Authority business; and

(f) The Authority desires to obtain the donation of travel and related expenses from UKG to the Authority and will retain full control over the use of the donation; and

(g) There are no restrictions as to how the donation may be used.

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

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

2. This Board hereby retroactively accepts from UKG Inc. the donation of travel and related expenses for seven Authority employees to travel to San Diego, California, to attend the “UKG Industry Executive Summit 2024” from February 5-7, 2024.

3. This Board retroactively authorizes the Chief Executive Officer to designate one Authority employee to attend the “UKG Industry Executive Summit 2024” in San Diego, California, from February 5-7, 2024.

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

Chief Financial Officer
Legal Services Department
Human Resources Department



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

February 21, 2024

Subject: Proposed retroactive Gold Service Plan Terms and Conditions with Astanza, LLC for maintenance of the tattoo removal laser

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed retroactive Gold Service Plan terms and conditions with Astanza, LLC to continue maintenance services for the tattoo removal laser.

Kern Medical has been steadily increasing the usage of the Astanza laser due to an increase in the number of procedures completed at the clinic. With the increased usage, the laser requires more routine maintenance and repair to avoid costly interventional repairs and non-usage of the laser. The Astanza laser is both revenue generating and grant funded, therefore the upkeep and necessary repairs are critical.

Counsel is unable to approve as to form due to non-standard terms which include the limitation of liability, no indemnification, and waiver of jury trial. Efforts were made to negotiate alternative verbiage with the vendor, but to no avail.

Kern Medical recommends that your Board approve the proposed retroactive Gold Service Plan Terms and Conditions with Astanza, LLC for the maintenance of the tattoo removal laser, with a total cost of \$11,999, for a one (1) year beginning January 24, 2024 to January 25, 2025, containing nonstandard terms and conditions, and authorize the Chairman to sign.



1810 S Akard Street, Suite 500, Dallas, Texas 75215
800-364-9010

GOLD SERVICE PLAN TERMS AND CONDITIONS

GOLD SERVICE PLAN: For a period of one year, Astanza Laser LLC agrees to repair defects in material and workmanship in each product or component, which is covered by this Agreement (each, a “Covered Product”), or replace the applicable Covered Product at its sole option. Any Covered Products which become defective during the Gold Service Plan Term will be repaired or replaced by Astanza at the customer’s site or at the Astanza facility in Dallas, Texas, or at an Astanza designated facility, at Astanza’s option. Customer shall promptly notify Astanza of any defective Covered Product, and Astanza shall have the option to inspect and test each item claimed to be defective at the Customer’s site or request the product to be shipped to Astanza’s plant or designated facility. Notification must be in writing by sending an email to service@astanzalaser.com or submitting a service request at www.astanzalaser.com/request-service. Notification by telephone or text message will not constitute notification under the terms of this agreement. All freight charges within the United States for repair or replacement of a Covered Product will be borne by Astanza. The risk of loss of the product shipped or delivered to Astanza’s plant or designated facility for repair or replacement will be borne by Astanza. Freight for non-covered repairs will be borne by the customer. Astanza’s obligation to repair or replace a “Covered Product” does not include any products or components that Astanza determines (i) were misused or neglected in use, storage, or handling; (ii) were modified or serviced without Astanza’s authorization, relocated to a location other than where it was initially installed if such relocation was without Astanza’s written approval, or from which the original identification markings have been removed, altered or defaced; or (iii) are accessories or external cords.

RENEWAL: Customer may renew this extended service plan for an additional period of time (the “Renewal Term”) to be selected by customer on the then current Astanza Price Sheet, unless earlier terminated as provided herein. The same terms and conditions will apply for the Renewal Term as for the Original Term. An a la carte service visit will be required to inspect the Covered Product and ensure it is in good working order if a lapse occurs before the Renewal Term is granted. The a la carte service visit will be charged according to the current Astanza Price Sheet. Travel costs and any necessary Parts to bring the Covered Product to original specifications will be added to the cost of the a la carte service visit.

ASTANZA BRAND PROMISE GUARANTEE: Astanza offers the Astanza Brand Promise Guarantee to Customers who purchased the Covered Product directly from Astanza. The Guarantee promises to repair the Covered Product within three business days from the receipt of a valid service request by the Astanza Service Department, provided the Customer is the original buyer and current owner in possession of the Astanza Covered Product. Non-operational status is defined as the lack of any output power or laser emission. If the laser is down longer than three business days, the current term of this Agreement will be extended one month for each day the laser is down after the first three business days. This Agreement can be extended a maximum of six months under the three business day guarantee. An Astanza engineer will determine if the Covered Product and Customer qualify for the Astanza Brand Promise Guarantee. Astanza Brand Promise Guarantee is subject to all of the Sections in the terms and conditions described in this Agreement.

LAPSE IN COVERAGE: On the first visit after a lapse in coverage, the customer will receive a 25% discount on parts that need to be replaced. If the customer chooses to not replace the recommended parts on the first visit after a lapse in coverage and those recommended parts are replaced at a later visit, they will still only receive a 25% discount on those recommended parts.

LOANER LASER: In the event that Astanza cannot repair your laser within the specific time frame, Astanza will ship and install a loaner laser until the original laser is repaired. Loaner laser will be a similar model.

TERMS & CONDITIONS SPECIFIC TO DUALITY LASER: Homogenizers are not covered if deemed by Astanza to be damaged due to negligence. Astanza will cover the cost of one Articulated Arm repair at the Original Equipment Manufacturer during the one-year Warranty Term. However, if the Articulated Arm requires multiple repairs and needs to be sent to the Original Equipment Manufacturer more than once within the one-year Warranty Term, any repairs beyond the first one will be considered the responsibility of the Customer due to negligence on their part. Astanza will not be responsible for the cost of the repair, diagnostics, or shipping in this case.

TERMS & CONDITIONS SPECIFIC TO MEDIOSTAR MONOLITH LASER: Handpieces are not covered if deemed by Astanza to be damaged due to negligence - i.e., the shock watch is triggered due to dropping the handpiece.

TERMS & CONDITIONS SPECIFIC TO RESMOOTH LASER: Handpieces are not covered if deemed by Astanza to be damaged due to negligence.

TERMS & CONDITIONS SPECIFIC TO ETERNITY SINON LASER: Parts are not covered due to lack of availability. Instead the customer will receive a 25% discount on parts that we are able to acquire. Replacement parts are not guaranteed to be available. Astanza will do what we can to track down replacement parts as needed.

PAYMENTS: Customer agrees to pay Astanza the applicable annual, quarterly, or monthly service fee and/or any other charges for service, products or components not covered by this Agreement during the Service Term or after expiration of the Service Term. All payments shall be made to Astanza at its principal place of business in Dallas, Dallas County, Texas, or such other location as may be designated by Astanza from time to time.

WARRANTY; DISCLAIMER: Astanza warrants that the services hereunder will be performed in a good and workmanlike manner. Customer's sole and exclusive remedy in the case where any services are not performed to the foregoing standard will be for Astanza to re-perform the applicable services. **ASTANZA SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES WITH RESPECT TO THE SERVICES AND ANY PRODUCT OR COMPONENT PROVIDED HEREUNDER, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT OF THIRD PARTY RIGHTS.**

LIMITATION OF LIABILITY: ASTANZA SHALL NOT BE LIABLE TO PURCHASER FOR ANY CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES OF ANY KIND OR NATURE WHATSOEVER, OR ANY LOST INCOME OR PROFITS, REGARDLESS OF WHETHER ARISING FROM BREACH OF CONTRACT OR TORT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE OR IF SUCH LOSS OR DAMAGE COULD HAVE BEEN REASONABLY FORESEEN.

DEFAULT: If Customer defaults in payment of any fees or other charges, Astanza may terminate this Agreement and/or, at its option, do any one or more of the following: Astanza may, without any court order or other process of law, enter upon or remain at Customer's premises and repossess and remove any parts or equipment installed and restore the product or unit to the condition in which it existed prior to repair, either with or without notice to Customer. Customer hereby waives any trespass or right of action for damages by reason such as entry, removal or disabling. Astanza may sue for and recover from Customer the sum of all past due charges and other payments due under this Agreement, plus a finance charge of 1.5% per month on all past due charges (annual percentage rate of 18%). Astanza may pursue any other remedy available at law or in equity.

GENERAL: This Agreement is the full and complete understanding of the parties as to the subject matter hereof and may not be altered or modified, except by a written amendment which expressly refers to this Agreement and which is signed by both parties. Any different or additional terms contained on Customer's purchase order, acknowledgements or other commercial paper shall be null and void. **THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING THE APPLICATION OF ITS CONFLICTS OF LAW RULES, AND THE UNITED NATIONS CONVENTIONS ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS. ANY ACTION TO ENFORCE THIS AGREEMENT SHALL BE BROUGHT ONLY IN THE STATE OR FEDERAL COURTS SITTING IN DALLAS, DALLAS COUNTY, TEXAS.** If any part of this Agreement is found void and unenforceable, it will not affect the validity of the balance of the Agreement, which shall remain valid and enforceable according to its terms. The failure of either party to require performance by the other party of any provision hereof shall not affect the full right to require such performance at any time thereafter; nor shall the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of the provision itself. Except for the obligation to pay monies due, neither party shall be liable for performance delays or non-performance due to causes beyond its reasonable control.

Clinic Name: Kern County Hospital Authority

Covered Product Serial #(s): 164000667, QPA1480-0719

Gold Service Plan Term: From 1/21/2024 to 1/20/2025

Signature: _____

KERN COUNTY HOSPITAL AUTHORITY PURCHASE ORDER TERMS & CONDITIONS

This Purchase Order is for the purchase of goods/services on the attached Bid, Proposal, Quote, Order, Agreement, or other ("Proposal"). If there is a conflict between the Proposal and the Purchase Order, then this Purchase Order shall control.

Obligations of Vendor

1. Vendors are required to provide proof of insurance for one or more of the following types of insurance coverages as determined by KCHA:

(a) **Workers' Compensation Insurance** in accordance with the provisions of section 3700 of the California Labor Code. This policy shall include employer's liability insurance with limits of at least one million dollars (\$1,000,000). Include a cover sheet stating the business is a sole proprietorship, if applicable.

(b) **Commercial General Liability Insurance** in the minimum amounts indicated below or such additional amounts as may be determined by the KCHA Risk Manager, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of any Purchase Order or agreement with KCHA), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of vendor's performance of work hereunder. The amount of said insurance coverage required hereunder shall be the policy limits, which shall be at least one million dollars (\$1,000,000) each occurrence and two million dollars (\$2,000,000) aggregate.

(c) **Professional Liability (Errors and Omissions) Insurance** for liability arising out of, or in connection with the performance of all required services under this Purchase Order or agreement, with coverage equal to the policy limits, which shall not be less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in aggregate unless otherwise indicated by KCHA's Risk Manager.

The Commercial General Liability Insurance shall include an endorsement naming KCHA and KCHA's board members, officials, officers, agents and employees as additional insureds. All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum rating of A-;VII. All insurance provided by Vendor hereunder shall be primary to and not contributing to any other insurance maintained by KCHA. Any exception to these requirements must be approved by KCHA's Risk Manager. KCHA's Risk Manager may require higher limits depending on the nature of the goods and/or services being provided. All insurance coverage requirements shall be maintained by vendor until completion of all of vendor's obligations to KCHA, and shall not be reduced, modified or canceled without 30 days prior written notice to the Chief Executive Officer ("CEO").

2. The Parties agree to indemnify, defend and hold harmless the other Party and its agents, board members, elected and appointed officials and officers, employees, volunteers and authorized representatives from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs, and expenses (including, but not limited to, reasonable attorneys' fees of counsel, expert fees, costs of staff time, and investigation costs) of whatever kind or nature, which arise out of or are in any way connected with any act or omission of a Party or the Party's officers, agents, employees, independent contractors, sub-contractors of any tier, or authorized representatives. Without limiting the generality of the foregoing, the same shall include bodily and personal injury or death to any person or persons, damage to any property, regardless of where located, including the property of a Party; any claims of product liability; and any workers' compensation claim or suit arising from or connected with any services performed by or on behalf of a Party by any authorized person or entity.

3. Vendor shall comply with all applicable county, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which are hereby made a part hereof and incorporated herein by reference. While on KCHA property, Vendor agrees to conform to KCHA policies and any direction given to them by KCHA staff including health mandates.

Obligations of KCHA

4. The liabilities or obligations of KCHA with respect to its activities pursuant to this Purchase Order shall be the liabilities or obligations solely of KCHA and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California. Any limitations of liability shall not apply to, affect, or limit: (i) any of Vendor's duties to indemnify Customer in accordance with this Purchase Order and/or (ii) any third party claims.

General Provisions

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

6. **Audits, Inspection and Retention of Records.** Vendor agrees to maintain and make available to KCHA, accurate books and records relative to all its activities under this Purchase Order. Vendor shall permit KCHA 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 Purchase Order. Vendor 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 Purchase Order, or until after the conclusion of any audit, whichever occurs last. The state of California or any federal agency having an interest in the subject of this Purchase Order shall have the same rights conferred upon KCHA herein.


7. **Health Insurance Portability and Accountability Act-HITECH.** Vendor understands that KCHA is a Covered Entity that provides medical and mental health services and that Vendor has no authorization to obtain access to any Protected Health Information ("PHI") in any form while performing services for KCHA. If, in the course of performing services, Vendor sees or hears any PHI, this PHI is to be treated as private and confidential, including the fact

that a person has visited this facility(ies) or receives (or previously received) services from KCHA. The privacy and confidentiality of KCHA's patients are protected by KCHA policies and procedures, state laws and regulations and Federal HIPAA Regulations. If appropriate Vendor agrees to execute a business associate agreement with KCHA to supplement this Agreement if requested, to be incorporated herein as Exhibit D if so required.

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

10. Non-collusion Covenant. Vendor 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 Purchase Order with KCHA. Vendor has received no incentive or special payments, nor considerations, not related to the provision of services under this Purchase Order from KCHA.

KCHA Purchase Order Terms and Conditions approved by (Vendor) Astanza Laser

Signature: 

Print Name: David Murrell

Title: President

Date: 2/6/2024



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

February 21, 2024

Subject: Proposed Amendment No. 8 to Agreement 1048-2010 with Total Renal Care, Inc., a subsidiary of DaVita Inc., for the provision of acute dialysis services

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests that your Board approve the proposed Amendment No. 8 to Agreement 1048-2010 with Total Renal Care, Inc., a subsidiary of DaVita Inc., to extend the current agreement by sixty (60) days, while the parties complete their negotiations to enter into a new agreement.

This Amendment extends services from March 1, 2024 to April 30, 2024 to complete a new agreement, which makes the current term of the Agreement from December 1, 2010 to April 30, 2024. The services provided by Total Renal Care, Inc., a subsidiary of DaVita Inc., are essential for our patients and Kern Medical does not have the resources to provide such services.

Therefore, it is recommended that your Board approve the proposed Amendment No. 8 to 1048-2010 with Total Renal Care, Inc., a subsidiary of DaVita Inc. for a sixty (60) day extension, from February 29, 2024 to April 30, 2024, to continue negotiations for a new agreement and continue to provide renal therapy services for patients, and authorize the Chairman to sign.

**AMENDMENT NO. 8 TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR**

THIS AMENDMENT NO. 8 TO THE AGREEMENT FOR PROFESSIONAL SERVICES INDEPENDENT CONTRACTOR ("**Amendment No. 7**") is entered into and effective as of March 1, 2024 ("**Amendment No. 8 Effective Date**"), by and between **Total Renal Care, Inc., ("Contractor")**, a subsidiary of DaVita Inc., "**DaVita**"), and the **Kern County Hospital Authority ("KCHA")**, a local unit of government, which owns and operates Kern Medical Center ("**KMC**").

WITNESSETH:

WHEREAS, on November 30, 2010, the parties hereto entered into an Agreement for Professional Services, (Kern County Agt, #1048-2010), Amendment No. 1 (Kern County Agt. #157-2014, dated March 25, 2014), Assignment of Agreement (dated July 1, 2016), Amendment No. 2 (KCHA#14616PA, dated August 23, 2016), Amendment No. 3 (KCHA# 2016-084, dated December 1, 2016), Amendment No. 4 (KCHA# 039-2018, dated June 20, 2018), Amendment No. 5 (KCHA# 079-2021, dated November 30, 2021), Amendment No. 6 (KCHA# 004-2022, dated January 29, 2022), and Amendment No. 7 (KCHA# 159-2023, dated November 29, 2023) ("Agreement") pursuant to which KMC agreed to engage the services of Contractor to provide acute dialysis services at KMC; and

WHEREAS, in accordance with Section 24 of the Agreement, as amended by Amendment 1-7, the parties wish to further amend the Agreement to extend the term of the Agreement, and to make other necessary modifications to the Agreement as set forth herein.

NOW, THEREFORE, for and in consideration of the premises contained in this Amendment No.8, the parties do hereby agree as follows:

1. As of the Amendment No.8 Effective Date, Section 1.2, This Agreement., of the Agreement is hereby deleted in its entirety and replaced with the following:

"1.2 This Agreement. Performance by Contractor and KCHA shall commence on December 1, 2010 (the "Effective Date"), and shall end April 30, 2024 (the "Term"), unless earlier terminated pursuant to other provisions of this Agreement."

2. Except as otherwise amended herein, all other terms and conditions remain in full force and effect.

[Signature to Follow]

IN WITNESS WHEREOF, the parties have executed this Amendment No. 8 by their duly authorized representatives:

KCHA:
Kern County Hospital Authority

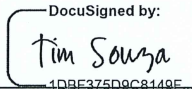
By: _____

Name: Russell Bigler

Title: Chairman, Board of Governors

Date: _____

CONTRACTOR:
Total Renal Care, Inc.

By:  _____
1D9F375D9C8149F...

Name: Tim Souza

Title: Division Vice President

Date: February 14, 2024 _____

APPROVED AS TO CONTENT:
Kern Medical Center

By: _____

Name: Tonya Barraza, RN

Title: Chief Nursing Officer

Date: _____

APPROVED AS TO FORM ONLY:
DaVita Inc.

By: _____

Name: David Carr

Title: Assistant General Counsel

APPROVED AS TO FORM ONLY:
Kern County Hospital Authority, Legal Services Department

By:  _____

Name: Shannon Hochstein

Title: Hospital Counsel

Certificate Of Completion

Envelope Id: 936559D3F7A84A2EB5ED85B16AAA4C9B

Status: Completed

Subject: Complete with DocuSign: DaVita - KCHA Amd No 8 FINAL EXECUTION COPY (02.05.24).docx

Envelope Document Type:

Source Envelope:

Document Pages: 2

Signatures: 1

Envelope Originator:

Certificate Pages: 5

Initials: 0

Josh Connelly

AutoNav: Enabled

2000 16th Street

Envelopeld Stamping: Enabled

Denver, CO 80202

Time Zone: (UTC-07:00) Mountain Time (US & Canada)

Josh.Connelly@davita.com

IP Address: 66.170.86.15

Record Tracking

Status: Original

Holder: Josh Connelly

Location: DocuSign

2/14/2024 10:33:55 AM

Josh.Connelly@davita.com

Signer Events

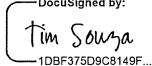
Tim Souza

Timothy.Souza@davita.com

Division Vice President

Security Level: Email, Account Authentication
(None)**Signature**

DocuSigned by:



1DBF375D9CB149F...

Signature Adoption: Pre-selected Style

Using IP Address: 76.14.178.85

Signed using mobile

Timestamp

Sent: 2/14/2024 10:54:56 AM

Viewed: 2/14/2024 11:08:48 AM

Signed: 2/14/2024 11:09:38 AM

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

In Person Signer Events**Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp**

Tabitha Kennedy

Tabitha.Kennedy@davita.com

Security Level: Email, Account Authentication
(None)**COPIED**

Sent: 2/14/2024 11:09:39 AM

Viewed: 2/14/2024 11:15:58 AM

Electronic Record and Signature Disclosure:

Accepted: 1/31/2024 4:19:10 PM

ID: 986a5e86-7cdf-457e-adb9-ab43860f61d7

Witness Events**Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

Envelope Sent

Hashed/Encrypted

2/14/2024 10:54:56 AM

Certified Delivered

Security Checked

2/14/2024 11:08:48 AM

Signing Complete

Security Checked

2/14/2024 11:09:38 AM

Completed

Security Checked

2/14/2024 11:09:39 AM

Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, DaVita (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact DaVita:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: jarvis@davita.com

To advise DaVita of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at jarvis@davita.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from DaVita

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to jarvis@davita.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with DaVita

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to jarvis@davita.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify DaVita as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by DaVita during the course of your relationship with DaVita.



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

February 21, 2024

Subject: Proposed additional ClinicalKey for Nursing licenses through the Elsevier Master Services Agreement 910-2015

Recommended Action: Approve additional licensing costs associated with previously approved agreement with Elsevier

Summary:

Kern Medical entered into a three (3) year agreement on December 13, 2023, in the amount of \$173,905 with Elsevier for employee educational software. Following execution, it was discovered that this initial amount did not include the fees for access to the ClinicalKey for Nursing software licenses. ClinicalKey provides real-time point of care reference resources for nursing staff. The costs for these additional licenses over the three (3) year contract term are as follows:

Products – publisher	Access	31 Dec 2023 – 30 Dec 2024 Fees	31 Dec 2024 – 30 Dec 2025 Fees	31 Dec 2025 – 30 Dec 2026 Fees
ClinicalKey® for Nursing – Elsevier Inc.	clinicalkey.com/nursing			
ClinicalKey NUR GLB Flex		\$21,671.69	\$23,080.34	\$24,580.57
TOTAL FEES:		\$21,671.69	\$23,080.34	\$24,580.57

There is no need to amend the Agreement as it allows for access to these licenses, but these additional licenses come with additional costs which require your Board's approval.

There it is recommended that your Board approve the additional payable of \$69,333, from \$757,224 to \$826,557, to cover the term.



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

February 21, 2024

SUBJECT: Proposed Quotation 2301380624 with Philips Healthcare, a division of Philips North America LLC

Requested Action: Approve; Authorize Chairman to sign

Summary

Kern Medical requests that your Board approve the proposed Quotation 2301380624 with Philips Healthcare, a division of Philips North America LLC to purchase EKG upgrade kits.

Kern Medical has four (4) EKG monitors that need to be repaired. The EKG machine upgrade kits allow for Kern Medical's biomed technicians to repair the EKG monitors without having to outsource the services. The kits will cost \$840.35 each, with a 40% discount, for a total of \$3,362 plus tax and shipping.

The Agreement contains non-standard terms and conditions and cannot be approved as to form by Counsel due to interest on late payments, delivery risk of loss transfer at origin, liability is limited to the amount of the agreement, unclear venue and law, and what is considered confidential information. Unfortunately, Kern Medical is unable to obtain the required monitors through another Vendor, which have more favorable legal terms.

Even with these non-standard terms and conditions, Kern Medical is requesting approval of the Quote because Philips Healthcare is the manufacturing of Kern Medical's current EKG machines and are the sole vendor of the replacement EKG monitors. Therefore, it is recommended that your Board approve the proposed Quote 2301380624 with Philips Healthcare, a division of Philips North America LLC to purchase EKG upgrade kits, with a total cost of \$3362 plus tax and shipping, and authorize the Chairman to sign.



Formal Quotation

Document number: 2301380624

Date of issue: 12/10/2023

Reprint

Sold to (94310879):

KERN MEDICAL CENTER
1700 Mount Vernon Ave
BAKERSFIELD CA 93306-4018
UNITED STATES

Last updated: 12/10/2023 23:13:07

Expiration date: 03/09/2024

Our contact details

Account Manager: Ryan Davis

Telephone: 760-710-7435

Email: ryan@davismedical.com

Incoterms: CIP BAKERSFIELD

Payment terms: Within 30 Days Due Net

Item	Product and Description	Quantity UoM	Price/Unit	Amount Currency: USD
10	860316 PageWriter TC70 Upgrades	1 PCE		
	D25 Wireless 802.11(a,b,g,n)	1 PCE	0.00/1 PCE	0.00
	H24 Wireless 802.11(a,b,g,n)	1 PCE	1,400.58/1 PCE	1,400.58
	Gross amount		1,400.58/1 PCE	1,400.58
	Dollar Commit Disc. (40%)			-560.23
	Net amount		840.35/1 PCE	840.35
20	860316 PageWriter TC70 Upgrades	1 PCE		
	D25 Wireless 802.11(a,b,g,n)	1 PCE	0.00/1 PCE	0.00
	H24 Wireless 802.11(a,b,g,n)	1 PCE	1,400.58/1 PCE	1,400.58
	Gross amount		1,400.58/1 PCE	1,400.58
	Dollar Commit Disc. (40%)			-560.23
	Net amount		840.35/1 PCE	840.35
30	860316 PageWriter TC70 Upgrades	1 PCE		
	D25 Wireless 802.11(a,b,g,n)	1 PCE	0.00/1 PCE	0.00
	H24 Wireless 802.11(a,b,g,n)	1 PCE	1,400.58/1 PCE	1,400.58
	Gross amount		1,400.58/1 PCE	1,400.58
	Dollar Commit Disc. (40%)			-560.23
	Net amount		840.35/1 PCE	840.35

PMSNA-Customer Service SPS Americas
222 Jacobs St
Cambridge, MA 02141-2296
US

Via ACH/EFT:
Payee: Philips Healthcare
Bank: Bank of America
Account#: 3750202223
ABA#: 1110-0001-2

Via Check:
Philips Healthcare
P.O. Box 100355
Atlanta, GA 30384-0355





Formal Quotation

Document number: 2301380624

Date of issue: 12/10/2023

Reprint

Item	Product and Description	Quantity UoM	Price/Unit	Amount Currency: USD
40	860316 PageWriter TC70 Upgrades	1 PCE		
	D25 Wireless 802.11(a,b,g,n)	1 PCE	0.00/1 PCE	0.00
	H24 Wireless 802.11(a,b,g,n)	1 PCE	1,400.58/1 PCE	1,400.58
	Gross amount		1,400.58/1 PCE	1,400.58
	Dollar Commit Disc. (40%)			-560.23
	Net amount		840.35/1 PCE	840.35
Total net amount				3,361.40

Philips Healthcare is pleased to inform you that financing of its products and services is available to qualified applicants. To obtain more information contact Philips Medical Capital @ 866-513-4PMC.

The discount quoted here is a special negotiated discount

MD Buyline -- Please be aware that MD Buyline utilizes Philips current list prices as the basis of calculation for discount comparisons. If you are a customer utilizing a GPO contract with fixed pricing, it is likely that the list price on this quotation is based on an older published price list, and may be considerably less than the current list pricing that MD Buyline uses in its analysis. As such, the MD Buyline discount recommendation may be higher than the Philips offering for your particular purchase. If you have a question, please ask your Sales Representative for clarification. Should you have concerns or want additional information relative to how discount comparisons are calculated at MD Buyline, please call your analyst at MD Buyline.

All work is scheduled within normal working hours; Monday through Friday, 8 a.m. to 5 p.m. excluding Philips holidays. All pricing is based on travel zones 1-3. For travel zones beyond 1-3, consult your Philips sales rep for alternate pricing. It is the customer's responsibility to provide Philips with the access necessary to complete the quoted work in a continuous start to finish manner. Excessive delays and multiple visits will result in additional charges. All prices are based upon 'adequate access' to work areas that are free from obstruction. If it is determined, during the implementation that asbestos removal is required; Philips will suspend performance until the Customer remediates the asbestos. Philips will work with the customer's staff to reduce the downtime during the system transition.

Products are for USA end-use only. Taxes, if applicable, are not included unless noted but will be added to the invoice. The Purchase Order must reference the Quote Number and your Purchase Agreement. Please indicate your requested delivery date and your preference, if any, to accept and pay for partial shipments. If this quote includes Value-Added Services, they may be invoiced separately. Additional sold training must be completed within twelve months of delivery/installation. System cabling, if included, is specified at the standard grade unless noted otherwise.

This quote specifically excludes Licensing & Permit Fees, Prevailing Wage Compensation and Union Labor.

IMPORTANT NOTICE: Health care providers are reminded that if the transactions herein include or involve a loan or a discount (including a rebate or other price reduction), they must fully and accurately report such loan or discount on cost reports or other applicable reports or claims for payment submitted under any federal or state health care program, including but not limited to Medicare and Medicaid, such as may be required by state or federal law, including but not limited to 42 CFR 1001.952(h).

In order to facilitate the processing of your order, please include the Philips Quote number and Requested Delivery Date on your Purchase Order. Please email Purchase Orders to: Healthcare.Orders@philips.com and copy (Cc:) your local sales representative.

If a Premier or Vizient group purchasing organization Contract # is listed above, this Formal Quotation (Quotation) and any related accepted purchase order (PO) are subject to the terms and conditions of such Premier or Vizient Contract #, as well as Philips Terms and Conditions of Sale posted at

PMSNA-Customer Service SPS Americas
222 Jacobs St
Cambridge, MA 02141-2296
US

Via ACH/EFT:
Payee: Philips Healthcare
Bank: Bank of America
Account#: 3750202223
ABA#: 1110-0001-2

Via Check:
Philips Healthcare
P.O. Box 100355
Atlanta, GA 30384-0355





Formal Quotation

Document number: 2301380624

Date of issue: 12/10/2023

Reprint

<http://www.usa.philips.com/healthcare/about/terms-conditions> ("Philips Terms"). If a Contract # is listed above with no reference to Premier or Vizient, this Quotation and any related accepted PO are subject to the terms and conditions of such Contract #. If no specific Contract # is listed above, this Quotation and any related accepted PO are subject to Philips Terms.

This Quotation contains confidential and proprietary information of Philips Healthcare and is intended for use only by the customer whose name appears on this Quotation. It may not be disclosed to third parties without prior written consent of Philips Healthcare. **Philips Healthcare is aware that Customer is a government entity and is subject to the California Public Records Act, Cal.Govt.Code §6250 et seq., the Brown Act, Cal.Govt.Code §54950 et seq., and other laws pertaining to government entities. Information required by law to be disclosed will not be considered Proprietary and Confidential by the Parties and will be disclosed only to the extent required to comply with that legal obligation.**

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Philips Healthcare
A division of Philips North America LLC
414 Union St, 2nd Floor
Nashville, TN 37219

Russell E. Bigler, Chairman, Board of Governors

REVIEWED ONLY
NOT APPROVED AS TO FORM

By *Shannon Hochstein*
Kern County Hospital Authority

PMSNA-Customer Service SPS Americas
222 Jacobs St
Cambridge, MA 02141-2296
US

Via ACH/EFT:
Payee: Philips Healthcare
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Via Check:
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P.O. Box 100355
Atlanta, GA 30384-0355





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

February 21, 2024

Subject: Proposed Agreement with Heredia Cabling Solutions, an independent contractor, for installation of new Infant Security System on the fourth Floor at Kern Medical Center

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

Summary:

Kern Medical requests your Board approve the proposed Agreement with Heredia Cabling Solutions to install a new infant security system for the B, C, and D wings on fourth Floor at Kern Medical Center. Completion of the project is expected within three months from commencement. The fourth floor of Kern Medical houses the Pediatric, NICU, Maternity, Nursery, and Post-Partum units. The proposed infant security system will provide an additional layer of security to units which house the hospital's most vulnerable patients.

The projected construction cost for this project is \$181,070, which includes future change orders of up to 10% of the original contract price of \$164,609.

Therefore, it is recommended that your Board make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of state CEQA guidelines, approve the Agreement, authorize Chairman to sign, and authorize the Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price of \$164,609 which is an approval of a possible total not to exceed of \$181,070.

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

THIS SCHEDULE shall be effective on: February 21, 2024 ("**Effective Date**") and shall terminate upon project completion.

Kern County Hospital Authority Department: Engineering ("Responsible KCHA Department")

Located at: 1700 Mt. Vernon Avenue, Bakersfield, CA 93306.

Service Provider: Heredia Cabling Solutions, Inc. ("Consultant")

Located at: 5907 Woodmere Drive, Bakersfield California, 93313

Consultant is (select one): Sole Proprietorship
 X Incorporated in the State of California.
 Other (specify) _____.

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

Kern County Hospital Authority ("KCHA") shall compensate Consultant for all services to be provided hereunder, including any reimbursement of travel expenses and other costs incurred by Consultant under this Agreement, in an aggregate sum not to exceed \$164,608.83 and Consultant will quote each project and a Purchase Order will be used under this Agreement for each approved Project.

(Select one of the following two)

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

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

 X Workers' Compensation: As required by California Labor Code Section 3700
 X Commercial General Liability (\$1,000,000/Occurrence & \$3,000,000/Aggregate) or other amounts & .
 X Automobile Liability (\$1,000,000/Occurrence) or other amounts & .
 Professional Liability (\$1,000,000/Occurrence & \$3,000,000/Aggregate) or other amounts & .

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

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

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

KERN COUNTY HOSPITAL AUTHORITY

APPROVED AS TO CONTENT:

Responsible KCHA Department

By: _____
Scott Thygerson, Chief Executive Officer

By: _____
Tyler Whitezell, Chief Operating Officer

Date: _____.

Date: _____.

HEREDIA CABLING SOLUTIONS, INC.

APPROVED AS TO FORM:

Legal Services Department

By: Gabriel Heredia President
Name: _____ Title: _____

By: Phillip Jenkins
Hospital Counsel, Kern County Hospital Authority

"Consultant"

Date: 2-15-2024.

Date: 2/15/2024

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

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

RECITALS

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

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

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

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

AGREEMENT

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

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

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

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

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

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

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

8. Indemnification.

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

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

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

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

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

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

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

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

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

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

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

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

12. **Rights to Contracted Products.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32. **Access to Books and Records.** Until the expiration of four years after the expiration or termination of this Agreement, Kern Medical and Consultant shall make available, upon written request of the Secretary of the United States Secretary of Health and Human Services ("Secretary") or the Comptroller General of the United States General Accounting Office ("Comptroller General"), or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records of either party as are necessary to certify the nature and extent of costs of the services Consultant provided under this Agreement.

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

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

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

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

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

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

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

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

Exhibit A: Services

Exhibit A-1: IRS Form W-9

Exhibit B: Fee Schedule

Exhibit C: Insurance

Exhibit D: Intentionally Omitted

Exhibit E: Additional Engineering Terms

EXHIBIT A
SERVICES



Heredia Cabling Solutions
5907 Woodmere Dr
Bakersfield, CA
93313, US
+1 877 427 0005

Prepared By:
Gabriel Heredia
+1 661 364 5381
gabe@herediacablingsolutions.com

Date: 11/7/2023
Project Number: KM-153 TotGuard Infant Security for
Kern Medical

Customer
Kern Medical
1700 Mount Vernon Avenue
Bakersfield, Ca93306, USA

Nanette Crawford
661-428-4387
Nanette.Crawford@KernMedical.com

Project: KM-153 TotGuard Infant Security for Kern Medical

Scope of Work

The scope of work is as follows:

4th Floor B & C Wing:

- Tone, identify, label and route the existing (89) Cat 6 cables for TotGuard RFID devices.
- Provide and install cabling support pathways (rod and j-hooks) for the existing TotGuard Cat 6 cabling.
- Provide and install EZ-Path devices through fire-rated walls were needed.
- Provide and install Cat 6 patch panels in corresponding IDFs.
- Mount and install per plan (HCAI Project #S220387) and mounting details, (31) TR2's, (11) TRC's, (16) Tag Exiters, (8) PIRs, and PoE splitters.
- Install 18/2 cable between TotGuard devices as shown on page IF-0.2 device wiring details.

4th Floor NICU:

- Install (32) Cat 6 cables for TotGuard RFID devices. Cat 6 cable to be provided by Kern Medical.
 - Provide and install cabling support pathways (rod and j-hooks) for the new TotGuard Cat 6 cabling.
 - Provide and install EZ-Path devices through fire-rated walls were needed.
 - Provide and install Cat 6 patch panels in corresponding IDFs.
 - Mount and install per plan (HCAI Project #S220387) and mounting details, (15) TR2's, (7) TRC's, (8) Tag Exiters, (3) PIRs, and PoE splitters.
 - Install 18/2 cable between TotGuard devices as shown on page IF-0.2 device wiring details.
-
- Cat 6 cable at device side will be terminated on a Cat 6 jack and PoE splitter will be connected with a Cat 6 patch cord.
 - Certify and provide documentation for copper cabling per the ANSI EIA/ TIA Category 5e, 6, 6A standards. Copper cabling will be certified with a Fluke DSK Versiv tester.
 - Label all terminals, jacks, and blocks. both twisted pair and optical with permanent markings identifying the cable name, source, or destination and pair count for ease of circuit identification, All labels shall be machine printed.
 - Provide as-builts.
 - Provide Go-live/cut-over support.

4th Floor B & C Wing

	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
Routing and supporting existing Cat 6 orange cable	1 ea	\$ 0.00	\$ 18,368.00	\$ 18,368.00

EXHIBIT A-1

IRS FORM W-9

EXHIBIT B

FEE SCHEDULE

	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
Commscope Cat 6 Jacks, orange	178 ea	\$ 12.00	\$ 14.65	\$ 4,743.70
2-port Faceplate White	2 ea	\$ 2.40	\$ 7.24	\$ 19.27
1-Port Surface Mount Box (biscuit)	58 ea	\$ 4.21	\$ 7.28	\$ 666.55
LV1 Low Voltage CutIn Ring 1gang	2 ea	\$ 2.46	\$ 7.24	\$ 19.39
Commscope 48 Port Modular Patch Panel	1 ea	\$ 124.80	\$ 39.00	\$ 163.80
2ft Patch Cable orange	89 ea	\$ 3.60	\$ 4.40	\$ 711.56
7ft Patch Cable orange	89 ea	\$ 6.00	\$ 4.45	\$ 930.50
2" EZ Path Series 22 Fire-Rated Pathway	25 ea	\$ 117.60	\$ 146.44	\$ 6,601.00
4" EZ Path® Series 44+ Fire Rated Pathway	2 ea	\$ 452.51	\$ 154.81	\$ 1,214.64
4' Stiffy threaded rod	100 ea	\$ 3.60	\$ 35.97	\$ 3,956.50
2" J-Hook	100 ea	\$ 3.47	\$ 7.26	\$ 1,072.97
Hilti Shot	100 ea	\$ 0.30	\$ 0.01	\$ 30.75
4 Pair Cable Dress at IDF	89 ea	\$ 0.00	\$ 0.00	\$ 0.00
4 Pair Termination at IDF	89 ea	\$ 0.00	\$ 0.00	\$ 0.00
Label Faceplate	89 ea	\$ 0.24	\$ 2.88	\$ 277.32
Cable Testing and Certify w/document - 4 pair	89 ea	\$ 0.00	\$ 0.00	\$ 0.00
TR2	31 ea	\$ 0.00	\$ 143.50	\$ 4,448.50
Tag Reader Controller (TRC)	11 ea	\$ 0.00	\$ 143.50	\$ 1,578.50
Exiter	16 ea	\$ 0.00	\$ 143.50	\$ 2,296.00
PIR	8 ea	\$ 0.00	\$ 143.50	\$ 1,148.00
POE Splitter	58 ea	\$ 0.00	\$ 35.88	\$ 2,080.75
Work Station	2 ea	\$ 0.00	\$ 35.88	\$ 71.75
18/2 Shielded Plenum	500 ft	\$ 0.31	\$ 1.16	\$ 735.13

	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
T-Grid Box Hanger	58 ea	\$ 16.98	\$ 143.92	\$ 9,332.46
4" Octagon Box	8 ea	\$ 7.61	\$ 36.07	\$ 349.39
4-11/16 3/4 Ko 4-11/16" X 4-11/16" X 2-1/8" Deep Square Boxes	58 ea	\$ 11.96	\$ 143.80	\$ 9,034.26
4-11/16 mud ring	58 ea	\$ 5.52	\$ 11.62	\$ 994.00
CEA-60002040101 FIG 600 WEDGY WITH PIN & CLIP	58 ea	\$ 7.20	\$ 71.93	\$ 4,589.54
3/4" Conduit, EMT for EX/PIR	80 ft	\$ 2.72	\$ 57.47	\$ 4,815.37
3/4" EMT compression connector	8 ea	\$ 1.32	\$ 11.51	\$ 102.66

4th Floor NICU

	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
Cat 6 orange cable	10,000 ft	\$ 0.00	\$ 3.44	\$ 34,440.00
Commscope Cat 6 Jacks, orange	64 ea	\$ 12.00	\$ 14.65	\$ 1,705.60
2-port Faceplate White	2 ea	\$ 2.40	\$ 7.24	\$ 19.27
1-Port Surface Mount Box (biscuit)	32 ea	\$ 4.21	\$ 7.28	\$ 367.75
LV1 Low Voltage CutIn Ring 1gang	2 ea	\$ 2.46	\$ 7.24	\$ 19.39
Commscope Modular 48 Port Patch Panel	1 ea	\$ 124.80	\$ 39.00	\$ 163.80
2ft Patch Cable orange	32 ea	\$ 3.60	\$ 4.40	\$ 255.84
7ft Patch Cable orange	32 ea	\$ 6.00	\$ 4.45	\$ 334.56
2" EZ Path Series 22 Fire-Rated Pathway	12 ea	\$ 117.60	\$ 146.44	\$ 3,168.48
4" EZ Path® Series 44+ Fire Rated Pathway	1 ea	\$ 452.51	\$ 154.81	\$ 607.32
4' Stiffy threaded rod	200 ea	\$ 3.60	\$ 35.97	\$ 7,913.00
2" J-Hook	200 ea	\$ 3.47	\$ 7.26	\$ 2,145.94

	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
Hilti Shot	200 ea	\$ 0.30	\$ 0.01	\$ 61.50
4 Pair Cable Dress at IDF	32 ea	\$ 0.00	\$ 0.00	\$ 0.00
4 Pair Termination at IDF	32 ea	\$ 0.00	\$ 0.00	\$ 0.00
Label Faceplate	32 ea	\$ 0.24	\$ 2.88	\$ 99.71
Cable Testing and Certify w/document - 4 pair	32 ea	\$ 0.00	\$ 0.00	\$ 0.00
TR2	15 ea	\$ 0.00	\$ 143.50	\$ 2,152.50
Tag Reader Controller (TRC)	7 ea	\$ 0.00	\$ 143.50	\$ 1,004.50
Exiter	10 ea	\$ 0.00	\$ 143.50	\$ 1,435.00
PIR	3 ea	\$ 0.00	\$ 143.50	\$ 430.50
POE Splitter	32 ea	\$ 0.00	\$ 35.88	\$ 1,148.00
Work Station	2 ea	\$ 0.00	\$ 35.88	\$ 71.75
18/2 Shielded Plenum	500 ft	\$ 0.31	\$ 1.16	\$ 735.13
T-Grid Box Hanger	32 ea	\$ 16.98	\$ 143.92	\$ 5,148.94
4" Octagon Box	3 ea	\$ 7.61	\$ 36.07	\$ 131.02
4-11/16 3/4 Ko 4-11/16" X 4-11/16" X 2-1/8" Deep Square Boxes	32 ea	\$ 11.96	\$ 143.80	\$ 4,984.42
4-11/16 mud ring	32 ea	\$ 5.52	\$ 11.62	\$ 548.42
CEA-60002040101 FIG 600 WEDGY WITH PIN & CLIP	32 ea	\$ 7.20	\$ 71.93	\$ 2,532.16
3/4" Conduit, EMT for EX/PIR	30 ft	\$ 2.72	\$ 57.47	\$ 1,805.76
3/4" EMT compression connector	3 ea	\$ 1.32	\$ 11.51	\$ 38.50

Micellaneous

	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
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	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
Velcro 1/2" x 75' Roll	2 ea	\$ 36.00	\$ 0.90	\$ 73.80
Bag of Tie Wraps	1 ea	\$ 30.00	\$ 0.75	\$ 30.75
Temflex electrical tape	10 ea	\$ 2.36	\$ 0.06	\$ 24.23

Firestop

	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
LCI Intumescent Sealant 5 Gal	1 ea	\$ 500.40	\$ 2,308.51	\$ 2,808.91

Go live/cut-over support

	Quantity	Material Cost	Labor Cost and/or Adjustments	Total Cost
Cut-over support	89 ea	\$ 0.00	\$ 71.75	\$ 6,385.75

Included(+)

1. All cabling will be supported every 5ft and any firewall penetrations will be sealed.
2. All cabling will be installed to the BICSI Commercial Building Telecommunications Cabling Standards.
3. This proposal includes measures required for Infectious Control Procedures, where required.
4. This proposal assumes all work will be performed during normal business hours between 7AM and 4PM.
5. 100% of material costs will be invoiced upon commencement of project.
6. Invoices will be based on the percentage of work completed and will be sent the first day after each task's completion. They shall be payable within 30-days of the invoice date.
7. A 4% processing fee will be applied to all invoices paid by credit card.
8. This proposal is valid for 30 days.
9. This proposal includes Prevailing Wage.

Excluded(-)

1. TotGuard Infant Security devices and Cat 6 cable. Kern Medical to provide TotGuard security devices and Cat 6 cable.
2. Programming TotGuard devices. Programming to be done by others.
3. Commissioning TotGuard Infant Security System. Commissioning done by others.
4. HCS is excluding the following, which are typically provided by the general or electrical contractors: x-rays, sleeves, conduits, metal backing, backboard plywood for the I.T. room, core drill fittings and devices, poke-through devices, floor boxes, back boxes, rings and strings, and conduits. Excludes any network equipment.
5. Any material, equipment for AV equipment, Sound Masking Equipment, Fire Alarm, Security, Access Control or any other low voltage system not mentioned in the scope of work.
6. Cable Tray
7. Security equipment, magnetic locks, request-to-exit sensors, exit buttons, intercoms, key switches, power supplies, transformers, panic buttons, and card readers.
8. Overtime and weekend work

Excluded(-)

9. Phasing of project.
10. Repair and/or replacement of any existing equipment or material that is not clearly shown or noted on the contract documents.
11. 120V Electrical Work.
12. Demolition
13. Scaffolding
14. Bonds
15. Permits
16. Demolition of any System(s).
17. This proposal assumes that any work requested by the customer outside of this scope may result in a change order.
18. Authorization is required before any change order work can commence

Notes

Approval and acceptance of our proposal may be made by signing and returning a copy of this proposal letter or by issuing a purchase order that outlines the scope of work. I/We the above authorize HEREDIA CABLING SOLUTIONS, INC. to proceed with the above quote. I/We agree to pay the contract price in accordance to the terms thereof.

Thank you for the opportunity to earn your business. Please contact me with any questions or clarifications.

Summary

Price

Labor and Adjustments	\$ 145,394.53
Materials	\$ 19,214.30
Subtotal	\$ 164,608.83

\$ 164,608.83

Accepted By

Date

EXHIBIT "C"

Insurance

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

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

1. Workers' Compensation and Employers Liability Insurance:

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

2. General Liability Insurance:

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

3. Automobile Liability Insurance:

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

4. Professional Liability Insurance (Errors and Omissions):

- (a) Professional Liability Insurance (Errors and Omissions) appropriate to Consultant's profession.
 - (b) Minimum Limits: \$1,000,000 per Occurrence or Claim; \$3,000,000 Annual Aggregate. If Consultant maintains higher limits than the specified minimum limits, KCHA requires and shall be entitled to coverage for the higher limits maintained by Consultant.
 - (c) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by KCHA. Consultant is responsible for any deductible or self-insured retention and shall fund it upon KCHA's written request, regardless of whether Consultant has a claim against the insurance or is named as a party in any action involving KCHA.
 - (d) Required Evidence of Coverage: Certificate of Insurance.
5. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.
6. Additional Insured Wording: "**Kern County Hospital Authority, its officers, officials, employees and volunteers**" are to be named as Additional Insureds as per each section where noted above.
7. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:
- (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
 - (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work.*
 - (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Consultant must purchase "extended reporting" coverage for a minimum of *five (5) years* after completion of the contract work.
8. Documentation:
- (a) The Certificate of Insurance must include the following reference: "**Agreement for Professional Services – Master Facility Plan.**"
 - (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Consultant agrees to maintain current Evidence of Insurance on file with KCHA for the entire term of this Agreement and any additional periods if specified in sections 1, 2, 3 or 4 above.
 - (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
 - (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
 - (e) Consultant shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
 - (f) Upon written request, certified copies of required insurance policies must be provided to KCHA within 30 days.
9. Policy Obligations: Consultant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.
10. Primary Coverage: For any claims related to this Agreement, Consultant's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects KCHA, its officers, directors, officials, employees, and volunteers. Any insurance or self-insurance maintained by KCHA, its officers, directors, officials, employees, or volunteers shall be excess of Consultant's insurance and shall not contribute with it.
11. Waiver of Subrogation: Consultant hereby grants to KCHA a waiver of any right to subrogation, which any insurer of said Consultant may acquire against KCHA by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not KCHA has received a waiver of subrogation endorsement from the insurer.
12. Material Breach: If Consultant fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. KCHA, at its sole option, may terminate this Agreement and obtain damages from Consultant resulting from said breach. Alternatively, KCHA may purchase the required insurance, and without further notice to Consultant, KCHA may deduct from sums due to Consultant any premium costs advanced by KCHA for such insurance. These remedies shall be in addition to any other remedies available to KCHA.

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EXHIBIT E
ADDITIONAL TERMS APPLICABLE TO CONSTRUCTION/ENGINEERING AGREEMENTS

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

I. COMPLIANCE WITH LABOR STANDARDS

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

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

II. APPRENTICESHIP PROGRAM

1. Compliance Required

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

2. Certification of Approval

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

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

3. Fund Contributions

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

4. Apprenticeship Standards

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

III. SUPPLEMENTARY CONDITIONS – INSURANCE AND INDEMNIFICATION

1. INSURANCE

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

Contractor's actions in connection with the performance of Contractor's obligations, as required in the Contract Documents, shall secure and maintain insurance as described below. Contractor shall not perform any work under the Contract Documents until Contractor has obtained all insurance required under this section and the required certificates of insurance and all required endorsements have been filed with KCHA's authorized insurance representative, Exigis.

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

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

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

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

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

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

2. INDEMNIFICATION

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

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

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



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

February 21, 2024

Subject: Proposed Amendment No. 2 to the Professional Services Agreement 47621 with Arcadis for additional construction design services

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment No. 2 with Arcadis to provide additional design services for construction projects at Kern Medical and the outpatient clinics. On July 29, 2021, your Board approved the Agreement with Arcadis for design services for a three-year term, ending on July 28, 2024, for an amount not to exceed \$250,000. Amendment No. 1 updated the name of vendor's corporation. The proposed Amendment No. 2 includes design services for additional projects at Kern Medical and the outpatient clinics. The proposed Amendment No. 2 will increase maximum payable by \$250,000, for a revised not to exceed amount of \$500,000 and extend the contract term for an additional three (3) years to July 28, 2027.

Additional construction project design services under this Agreement include, but are not limited to:
Emergency Department New Pediatric Wing
E Wing New Air Handler
New Nurse Call Systems

Agreement	Agreement Budget	Variance
Original Agreement	\$250,000	
Amendment No. 1	0.00	
Amendment No. 2	\$500,000	\$250,000

Therefore, it is recommended that your Board approve the proposed Amendment No. 2 with Arcadis to increase the maximum payable by \$250,000 from \$250,000 to \$500,000 to cover the additional services and extend the term to July 28, 2027, for a total term of six (6) years from July 29, 2021 through July 28, 2027, and authorize the Chairman to sign.

**AMENDMENT NO. 2
TO
PERSONAL/PROFESSIONAL SERVICES AGREEMENT
(Kern County Hospital Authority – Arcadis, a California Partnership
formally IBI Group, a California Partnership)**

THIS AMENDMENT TO AGREEMENT, effective February 21, 2024, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and Arcadis, a California Partnership formally IBI Group, a California Partnership ("Consultant") with its principal place of business located at 537 S. Broadway Street, Suite 500, Los Angeles, CA 90013.

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated effective July 29, 2021 (Agt. #47621) and Amendment No. 1 dated effective May 3, 2023 (Agt. #54923) ("Agreement"), for the period July 29, 2021 through July 28, 2024; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

X **Term.** The Agreement shall be extended from July 29, 2024 to July 28, 2027, unless sooner terminated as provided for in the Agreement.

X **Fees** payable by KCHA under the Agreement shall increase by \$ 250,000, from \$250,000 to \$500,000.

 Travel Expenses payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.

 Services. See Exhibits and , attached hereto and incorporated herein by this reference, for revised Services.

 Other:

Except as expressly amended herein, all provisions of the Agreement, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 2 to the Agreement has been executed as of the date indicated above.

KERN COUNTY HOSPITAL AUTHORITY

APPROVED AS TO CONTENT:
Responsible KCHA Department

By _____.
Russell Bigler, Chairman, Board of Governors
"KCHA"

By Scott Thygerson, Chief Executive Officer

Date: _____

Date: _____

ARCARDIS, A CALIFORNIA PARTNERSHIP

APPROVED AS TO FORM:
Legal Services Department

By: [Signature], Principal
Name: "Consultant" Associate

By Phillip Jenkins
Hospital Counsel
Kern County Hospital Authority

Date: 01/26/24

Date: 2/7/24



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

February 21, 2024

Subject: Proposed Amendment No. 2 to Agreement (057-2020) with Thyssenkrupp Elevator Corporation, an independent contractor, to provide design and construction for the D Wing Elevator upgrades at Kern Medical

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment No. 2 with Thyssenkrupp Elevator Corporation for additional design and construction services required to complete the repair of the D Wing Elevator.

The original Agreement was executed on December 9, 2020, with a construction commencement of March 2023. Amendment No. 1, which was executed on June 21, 2023, compensated the Consultant for the installation of five new elevator doors and electrical needs for the emergency power connections.

Amendment No. 2 covers costs of the deletion of the shunt trip and the removal of fire sprinklers at the elevator shaft; install signals for emergency power at the machine room; install governor mounting plates; and modify the rope gripper system.

Agreement	Maximum Payable
Original Agreement 057-2020	\$2,325,883
Amendment No. 1	\$96,740
Proposed Amendment No. 2	\$71,930
Total	2,494,553

Therefore, it is recommended that your Board approve the proposed Amendment No. 2 to the Professional Services Agreement with Thyssenkrupp Elevator Corporation to increase the maximum payable from \$2,422,623 to \$2,494,553, an increase of \$71,930, to cover additional construction services, and authorize Chairman to sign.

**AMENDMENT NO. 2
TO
PERSONAL/PROFESSIONAL SERVICES AGREEMENT
(Kern County Hospital Authority–Thyssenkrupp Elevator Corporation)**

THIS AMENDMENT TO AGREEMENT, effective February 21, 2024, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and Thyssenkrupp Elevator Corporation ("Consultant") with its principal place of business located at 114 Town Park Drive NW, Suite 300, Kennesaw, GA 30144.

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated December 9, 2020 (KCHA Agt. #057-2020) and Amendment No. 1 dated June 21, 2023 (KCHA Agt. #075-2023) ("Agreement"), to complete the D Wing Elevator Upgrades; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

_____	Term. The Agreement shall be extended from _____ to _____, unless sooner terminated as provided for in the Agreement.
<u>X</u>	Fees payable by KCHA under the Agreement shall increase by <u>\$71,930.08</u> , from <u>\$2,422,623</u> to <u>\$2,494,553.08</u> .
_____	Travel Expenses payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.
_____	Services.
_____	Other

Except as expressly amended herein, all provisions of the Agreement, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 2 to the Agreement has been executed as of the date indicated above.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Russel Bigler, Chairman, Board of Governors
"KCHA"

Date: _____.

APPROVED AS TO CONTENT:
Responsible KCHA Department

By _____
Scott Thygerson, Chief Executive Officer

Date: _____.

THYSSENKRUPP ELEVATOR CORPORATION

By Timothy G Duncan
Name: Timothy G Duncan
Title: Modernization Operations Manager
"Consultant"

Date: 2/2/2024.

APPROVED AS TO FORM:
Legal Services Department

By Phillip J. [Signature]
Hospital Counsel
Kern County Hospital Authority

Date: 2/7/24.



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

February 21, 2024

Subject: Proposed Change Order No. 1 to Agreement 090-2023 with Mountain West Builders, Inc., an independent contractor, to provide additional demolition and electrical services

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

Summary:

Kern Medical requests your Board approve the proposed Change Order No. 1 to the Agreement with Mountain West Builders, Inc., in the amount of \$26,748, to provide additional demolition and electrical services in the laboratory.

On July 19, 2023, your Board approved an agreement with Mountain West Builders, Inc., in the amount of \$134,564, with authorization for the Chief Executive Officer to execute future change orders in an amount not to exceed 10% of the total contract price, for a maximum payable of \$148,020, to make modifications to the laboratory to accommodate new equipment.

This proposed Change Order No. 1, in the amount of \$26,748, will cover the additional costs of demolition and electrical work necessary to allow for badge reader access and for the installation of new Siemens equipment.

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; and authorize Chairman to sign.

CHANGE ORDER

PROJECT:

Lab Equipment Replacement
1700 Mt. Vernon Avenue
Bakersfield, CA 93306

PROJECT NO.: 10104
CONTRACT NO.: 090-2023

CONTRACTOR:

Mountain West Builders, Inc.
31500 Sierra Drive
Exeter, CA 93221

CHANGE ORDER NO.: ONE (1)

DATE: February 21, 2024

DESCRIPTION OF CHANGE	ADD	DEDUCT
1. Provide all labor, material and equipment to demo cabinet and electrical, and install new electrical and patch flooring	\$16,406.61	
2. Provide all labor, material and equipment to install mag lock at new door A and replace the card reader and light switch.	\$5,267.02	
3. Provide all labor, material and equipment to relocate existing temporary AC Unit	\$767.33	
4. Provide all labor, material and equipment to install a mag hold open and door handle at Door B	\$3,174.94	
5. Provide al labor, material and equipment to install air gap at floor sink.	\$1,131.43	
CHANGE ORDER NO. 1 TOTAL (ADD)	\$26,747.33	
ORIGINAL CONTRACT PRICE	\$134,564.00	
NEW CONTRACT AMOUNT	\$161,311.33	

REASON FOR CHANGE

1. To accomidate additional equipment.
2. The card reader and electrical for lighting need to be relocated to accommodate the new door size
3. The existing temporary AC Unit needs to be relocated so infection control can be established properly.
4. The mag lock and door handle were inadvertently missed at design phase.
5. To keep the equpment drain hoses from laying in the bottom of he floor sink an air gap will be installed.

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:


Mountain West Builders

BY:


John Kloos, President

APPROVED AS TO CONTENT:

BY:


Paul Dhanens
Paul Dhanens Architect

APPROVED AS TO FORM:

Legal Services Department

BY:


Phillip Jenkins
Hospital Counsel

BY:

Scott Thygerson, CEO

KERN COUNTY HOSPITAL AUTHORITY

BY:

Russell Bigler, Chairman, Board of Governors
"KCHA"



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

February 21, 2024

Subject: Proposed Amendment No. 1 to the Engineering Services Agreement 59522 with DFI Enterprises for additional construction inspection services.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment No. 1 to Engineering Services Agreement with DFI Enterprises to provide inspection services for construction projects at Kern Medical Center. Hospital construction projects require inspections by a qualified Inspector of Record ("IOR") for Health Care Information and Access ("HCAI," formerly Office of Statewide Healthcare Planning and Development, "OSHDP"). On September 19, 2022, Kern Medical entered into an agreement to provide such services with DFI for Engineering Services for an initial term of 3 years. The proposed Amendment will increase the maximum payable by \$200,000, from \$250,000 to \$450,000, and extend the contract term for two (2) additional years to September 18, 2027. The additional funds are necessary to absorb costs associated with additional budgeted and emergency construction.

Payment for Services	Previous Year Agreement	Proposed Agreement	Variance
Original Agreement	\$200,000		
Amendment No. 1		\$450,000	\$250,000

Therefore, it is recommended that your Board approve the proposed Amendment No. 1 to increase the maximum payable by \$250,000, from \$ 200,000 to \$450,000, to cover the additional inspection services and extend the term to September 18, 2027, for a total term of five (5) years, and authorize the Chairman to sign.

**AMENDMENT NO. 1
TO
PERSONAL/PROFESSIONAL SERVICES AGREEMENT
(Kern County Hospital Authority-DFI Enterprises)**

THIS AMENDMENT TO AGREEMENT, effective February 21, 2024, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and DFI Enterprises ("Consultant") with its principal place of business located at 4301 Banning Street, Bakersfield, California, 93314.

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated September 19, 2022 (Agt. #59522) ("Agreement"), for the period September 19, 2022 through September 18, 2025; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

- X **Term.** The Agreement shall be extended from September 19, 2025 to September 18, 2027, unless sooner terminated as provided for in the Agreement.
- X **Fees** payable by KCHA under the Agreement shall increase by \$250,000, from \$200,000 to \$450,000.
- Travel Expenses** payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.
- Services.** See Exhibits A-1 and B-1, attached hereto and incorporated herein by this reference, for revised Services.
- Other**

Except as expressly amended herein, all provisions of the Agreement, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 1 to the Agreement has been executed as of the date indicated above.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell Bigler, Chairman Board of Governors
"KCHA"


Date: _____

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

By 
Tyler Whitezell, Chief Operating Officer

Date: _____

DFI ENTERPRISES

By 
Derek Farmer
Title:
"Consultant"

Date: 11/13/2023

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

By 
Hospital Counsel
Kern County Hospital Authority

Date: 12/29/23



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

February 21, 2024

Subject: Proposed Retroactive Amendment No. 1 to Agreement #101-2023 with John B. Schlaerth, M.D., A California Medical Corporation, for professional medical services in the Department of Obstetrics and Gynecology

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Agreement with John B. Schlaerth, M.D., A Medical Corporation, for gynecologic oncology services in the Department of Obstetrics and Gynecology. Dr. Schlaerth has provided services as an independent contractor at Kern Medical since 2007. In addition to serving as Chief, Division of Gynecologic Oncology, Dr. Schlaerth provides services in the hospital and outpatient clinics, clinical mentoring to and evaluation of residents and medical students, and supports Kern Medical's cancer programs.

This retroactive amendment serves to release Dr Schlaerth from his duties as Division Chief of Gynecologic Oncology effective January 19, 2024.

Therefore, it is recommended that your Board approve the proposed retroactive Amendment No. 1 to Agreement #101-2023 with John B. Schlaerth, M.D., A Medical Corporation, to release Dr Schlaerth of his duties as Division Chief of Gynecologic Oncology in the Department of Obstetrics and Gynecology effective January 19, 2024, and authorize the Chairman to sign.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – John B. Schlaerth, M.D., A Medical Corporation)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and John B. Schlaerth, M.D., A Medical Corporation, a California professional medical corporation (“Contractor”), with its principal place of business located at 9010 Corbin Avenue, Suite 6, Northridge, California 91324.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #101-2023, dated August 16, 2023) (“Agreement”), for the period September 1, 2023 through August 31, 2025, for professional medical services in the Department of Obstetrics and Gynecology at KMC; and

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

(c) The Agreement is amended effective January 19, 2024;

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 2, Obligations of Contractor, paragraph 2.1, Specified Services, subparagraph 2.1.1, Division Chief, shall be deleted in its entirety and replaced with the following:

“2.1.1 **[Reserved.]**”

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

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

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

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

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

JOHN B. SCHLAERTH, M.D., A MEDICAL CORPORATION

By _____
John B. Schlaerth, M.D.
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:

By _____
Scott Thygerson
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Vice President & General Counsel
Kern County Hospital Authority

Amend1.Schlaerth.020624



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

February 21, 2024

Subject: Proposed retroactive Amendment No. 1 to Agreement 096-2022 with Amin Ahmed Ramzan, M.D., a contract employee, for professional medical services in the Department of Obstetrics and Gynecology

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board retroactively approve an amendment with Amin Ahmed Ramzan, M.D., a contract employee, for professional medical services in the Department of Obstetrics and Gynecology. Dr. Ramzan, who is fellowship trained in Gynecologic Oncology, has been employed by Kern Medical since 2019.

The proposed retroactive Amendment recognizes Dr. Ramzan as the Program Director for the OBGYN Residency Program effective January 19, 2024. The title of Program Director also comes with an associated monetary stipend of \$24,000 annually (\$923.07 biweekly). Dr. Ramzan has also agreed to accept the title of Division Chief of Gynecologic Oncology, which has no monetary stipend associated. Dr. Ramzan will continue to receive the standard complement of benefits offered to all physicians employed by Kern Medical.

Therefore, it is recommended that your Board approve the Amendment with Amin Ahmed Ramzan, M.D., for professional medical services in the Department of Obstetrics and Gynecology, from August 17, 2022 through August 16, 2027, increasing the maximum payable by \$160,000, from \$3,090,000 to \$3,250,000, in an amount not to exceed \$3,250,000, to cover the term, effective January 19, 2024, and authorize the Chairman to sign.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Amin Ahmed Ramzan, M.D.)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Amin Ahmed Ramzan, M.D. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #096-2022, dated August 17, 2022) (the “Agreement”), for the period August 17, 2022 through August 16, 2027, whereby Physician provides professional medical and administrative services in the Department of Obstetrics and Gynecology and teaching services to resident physicians employed by Authority; and

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

(c) The Agreement is amended effective January 19, 2024;

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 2, Employment, shall be deleted in its entirety and replaced with the following:

“2. **Employment.** Authority hereby employs Physician as Chief, Division of Gynecologic Oncology and for the practice of medicine in the care and treatment of patients at KMC, or at such other clinic sites as KMC may designate (collectively referred to as the “Practice Sites”). It is expressly understood and agreed that KMC shall have reasonable discretion to consolidate and relocate clinics operated by Authority and to re-designate Practice Sites served by Physician from time to time. Physician shall be subject to Authority’s employment policies, directives, rules and regulations as promulgated by Authority from time to time, including, but not limited to, those pertaining to employees.”

2. Section 4, Obligations of Physician, paragraph 4.3, Qualifications, subparagraph 4.3.2, Board Certification, shall be deleted in its entirety and replaced with the following:

“4.3.2 **Board Certification.** Physician shall be board certified by the American Board of Obstetrics and Gynecology in obstetrics and gynecology-

general, and gynecologic oncology-subspecialty within forty-eight (48) months of the Commencement Date, and maintain such certifications at all times during the Term.”

3. Section 5, Compensation Package, paragraph 5.3, Retention Bonus, shall be deleted in its entirety and replaced with the following:

“5.3 Retention Bonus.

5.3.1 Bonus. Physician shall be paid an annual retention bonus in the amount of \$25,000, less all applicable federal and state taxes and withholdings, payable within thirty (30) days of the end of each Employment Year. If the conditions for Physician to receive the retention bonus are met, the retention bonus would become payable to Physician on August 17, 2023, for the previous Employment Year, and each August 17 thereafter during the Term.

5.3.2 Repayment. In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever during an Employment Year in which a retention bonus is paid, Physician will repay to Authority an amount equal to \$25,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within thirty (30) days of the effective date of his termination of employment with Authority.

5.3.3 Offset. Physician hereby authorizes Authority to offset against and reduce any amounts otherwise due to Physician for any amounts in respect of the obligation to repay the retention bonus.”

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

“5.5 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$3,250,000 over the five (5) year Term of this Agreement.”

5. Section 5, Compensation Package, paragraph 5.6, Program Director Stipend, shall be made part of the Agreement as follows:

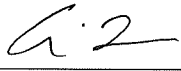
“5.6 Program Director Stipend. Authority shall pay Physician an annual stipend of \$923.07 biweekly, less all applicable federal and state taxes and withholding requirements, not to exceed \$24,000 annually for services as Program Director for the Department residency. Physician understands and agrees that he must remain in the position of Program Director as of each biweekly payout date in order to earn and receive the stipend payment.”

6. Exhibit "A," Job Description, shall be deleted in its entirety and replaced with Amendment No. 1 to Exhibit "A," Job Description, attached hereto and incorporated herein by this reference.
7. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
8. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
9. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which take together shall constitute one and the same instrument.
10. Except as provided herein, all other terms, conditions and covenants of the Agreement shall remain in full force and effect.

[SIGNATURES FOLLOW ON NEXT PAGE]

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

PHYSICIAN

By 
Amin Ahmed Ramzan, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:

By _____
Scott Thygerson
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Vice President & General Counsel
Kern County Hospital Authority

Amend1.Ramzon.020524

AMENDMENT NO. 1
TO
EXHIBIT “A”
JOB DESCRIPTION
Amin Ahmed Ramzan, M.D.

Position Description. Reports to Chair, Department of Obstetrics and Gynecology; serves as Chief, Division of Gynecologic Oncology; serves as Program Director for the obstetrics and gynecology residency program serves as a faculty member in the Department; provides no fewer than eighty (80) hours of service per biweekly pay period.

Clinical Responsibilities.

1. Supervise residents while on service.
2. Provide services in the clinics as assigned by the Department Chair.
3. Provide gynecologic oncology and gynecologic services.
4. Supervise procedures performed by residents and mid-levels while on service.
5. Perform therapeutic and diagnostic procedures within the scope of practice for a gynecologic oncologist while on service.
6. Develop a coordinated schedule with other gynecologic oncologists on staff to provide on-site consultations as requested on weekdays.
7. Develop a coordinated schedule with other gynecologic oncologists on staff to respond to emergency consultations on weekends.

Teaching Responsibilities.

1. Participate in morning report, morbidity and mortality conference, board review, and Journal Club.
2. Participate in bedside and clinic teaching of residents and medical students.
3. Participate in didactic lectures and teaching conferences.
4. Support the residency program director by interviewing residency applicants.
5. Assist in preparing residents for written and oral boards and review case logs.
6. Assist the residency program director through individual monitoring, counseling, and evaluation of residents as appropriate.
7. Assist with scholarly activity for the residency program.
8. Pursue scholarly pursuits for improvements in patient care and academic productivity for scientific presentations and publications.

Administrative Responsibilities.

1. Participate in Department quality improvement activities.
2. Participate in development of Department curriculum.
3. Support the Department Chair in developing monitoring tools to measure quality, access, financial, and satisfaction outcomes for the Department and academic training programs.
4. Follow Department rules as specified in the Department policies and procedures.
5. Gather data through best practices and collaborate with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to patients of KMC.
6. Support accreditation of the cancer program by the American College of Surgeons.

7. Provide other administrative activities, as assigned by the Department Chair.

Medical Education; Academic Responsibilities.

1. Provide clinical mentoring to and evaluation of residents and medical students.
2. Establish and maintain academic appointment at David Geffen School of Medicine at University of California, Los Angeles, or as otherwise required by the Department.

Committee Assignments.

1. Attend Department staff meetings and the annual Medical Staff meeting.
2. Participate in Medical Staff committees as assigned by the President of the Medical Staff.
3. Attend and participate in the Cancer Committee and its related subcommittees.

Program Director Responsibilities.

1. Assume responsibility and accountability for the operation of the residency and educational programs within the Department.
2. Support the development of the Simulation Laboratory and related education programs and curriculum.
3. Administer and maintain an environment conducive to educating residents, which includes responsibility to:
 - Oversee and ensure the quality of didactic and clinical education;
 - Evaluate program faculty;
 - Monitor resident supervision;
 - Prepare and submit information required and requested by the ACGME;
 - Ensure compliance with grievance and due process procedures as set forth in the Institutional Requirements in accordance with KMC policies and procedures;
 - Provide verification of resident education;
 - Implement policies and procedures consistent with KMC and program requirements for resident work hours and the working environment, including moonlighting;
 - Comply with KMC written policies and procedures, including those specified in the Institutional Requirements for selection, evaluation and promotion of residents, disciplinary action, and supervision of residents;
 - Be familiar and comply with ACGME and Resident Review Committee policies and procedures as outlined in the ACGME Manual of Policies and Procedures; and
 - Devote a minimum of fifty percent (50%) or 0.5 of 1 FTE non-clinical time to administration of the residency program.

Employment Standards:

Completion of an accredited fellowship program in gynecologic oncology; one (1) year of post-fellowship experience in gynecologic oncology desirable

AND

Possession of a current valid Physician's and Surgeon's Certificate issued by the state of California

AND

Certification by the American Board of Obstetrics and Gynecology in obstetrics and gynecology-general AND gynecologic oncology-subspecialty

Knowledge of: The principles and practices of modern medicine; current techniques, procedures, and equipment applicable to gynecologic oncology; principles of effective supervision and program development.

[INTENTIONALLY LEFT BLANK]



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

February 21, 2024

Subject: Proposed Amendment No. 2 to Agreement 69022 with Wilbur Nelson Montana, D.O., an independent contractor, for professional medical services in the Department of Medicine

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an Amendment with Wilbur Nelson Montana, D.O., an independent contractor, for professional medical services in the Department of Medicine. Dr. Montana is board certified in hematology and medical oncology and has been serving as faculty in the Division of Hematology and Oncology since 2022.

The proposed Amendment is for a term of two years from March 1, 2024 through February 28, 2026. The maximum payable increases by \$2,000,000 and will not to exceed \$2,300,000 over the term of the Agreement.

Dr. Montana's daily rate of \$3,500 as well as his excess clinical time rate of \$400 per hour is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Montana. Dr. Montana will be onsite an average of five days per week and will provide services inclusive of supervision of residents and medical students while on service. Additionally, he will supervise mid-level activity; perform therapeutic and diagnostic procedures; provide outpatient clinic coverage; conduct inpatient rounds; serve on both Cancer Committee and Tumor Board; and oversee orders for the outpatient oncology infusion clinic.

Therefore, it is recommended that your Board approve the Amendment No. 2 to Agreement 69022 with Wilbur Nelson Montana, D.O., for professional medical services in the Department of Medicine for the period December 1, 2022 through February 29, 2024, extending the term for two years from March 1, 2024 through February 28, 2026, adding compensation for excess clinical hours and increasing the maximum payable by \$250,000, from \$300,000 to \$2,300,000, to cover the term and authorize the Chairman to sign.

**AMENDMENT NO. 2
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Wilbur Nelson Montana, D.O.)**

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Wilbur Nelson Montana, D.O., a sole proprietor (“Contractor”), whose principal place of business is located at 14106 Pemberley Passage Avenue, Bakersfield, California 93311.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #69022, dated November 30, 2022) and Amendment No. 1 (Agt. #00324, dated January 8, 2024) (“Agreement”), for the period December 1, 2022 through February 29, 2024, for professional medical services in the Department of Medicine at KMC; and

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

(c) The Agreement is amended effective February 21, 2024;

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

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

“1. **Term.** This Agreement shall be effective and the term shall commence as of December 1, 2022 (the “Effective Date”), and shall end February 28, 2026, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.5, Excess Clinical Hours, shall be made part of the Agreement as follows:

“4.1.5 **Excess Clinical Hours.** Authority shall pay Contractor a fixed fee in the amount of \$400 per hour for clinical hours in excess of eight (8) hours per day.”

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

“4.2 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$2,300,000 over the term of this Agreement.”

4. Section 36, Termination, paragraph 36.1, Termination without Cause, shall be deleted in its entirety and replaced with the following:

“36.1 Termination without Cause. Either party may terminate this Agreement, without cause, upon ninety (90) days’ prior written notice to the other party.”

5. Exhibit “A,” Description of Services, shall be deleted in its entirety and replaced with Amendment No. 1 to Exhibit “A,” Description of Services, attached hereto and incorporated herein by this reference.

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

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

8. 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.

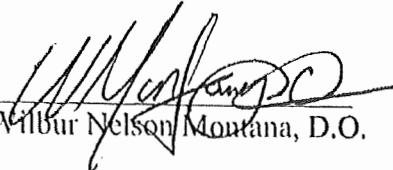
9. Except as provided herein, all other terms, conditions, and covenants of the Agreement and any and all amendments thereto shall remain in full force and effect.

[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.

CONTRACTOR

By


Wilbur Nelson, Montana, D.O.

KERN COUNTY HOSPITAL AUTHORITY

By

Chairman
Board of Governors

APPROVED AS TO CONTENT:

By

Scott Thygerson
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By

Vice President & General Counsel
Kern County Hospital Authority

Amend2. Monana 021024

**AMENDMENT NO. 1
TO
EXHIBIT “A
DESCRIPTION OF SERVICES
Wilbur Nelson Montana, D.O.**

Contractor shall provide services, as assigned by the Department Chair, as follows:

1. Position Description. Reports to Chair, Department of Medicine; serves as faculty in the Division of Hematology and Oncology.
2. Clinical.
 - Supervises residents and medical students while on service
 - Supervises and ensures competence of mid-level activity
 - Performs therapeutic and diagnostic procedures within the scope of practice for a hematology and medical oncology specialist while on service
 - Provides outpatient clinic coverage at designated KMC practice sites
 - Conducts inpatient rounds
 - Serves on the Cancer Committee and Tumor Board
 - Oversees orders for outpatient oncology infusion clinic
3. Medical Education; Academic.
 - Provides clinical mentoring to and evaluation of residents and medical students
 - Attends and participates in the Department didactic sessions as assigned
 - Delivers assigned lectures to internal medicine residents
4. Administrative Responsibilities.
 - Participates in the preparation, monitoring, review, and performance of clinical activity in the Department
 - Participates in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Department
 - Completes medical records in a timely fashion and works to improve the quality, accuracy, and completeness of documentation
 - Attends Department staff meetings
 - Participates in other clinical, academic, and administrative activities, as assigned by the Department Chair

[INTENTIONALLY LEFT BLANK]



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

February 21, 2024

Subject: Proposed Amendment No. 1 to Agreement 044-023 with Juan M. Lopez, M.D., a contract employee, for professional medical and administrative services in the Department of Obstetrics and Gynecology

Recommended Action: Approve; Authorize the Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Agreement with Juan M. Lopez, M.D., a contract employee, for professional medical and administrative services in the Department of Obstetrics and Gynecology, for the period March 15, 2023 through March 14, 2028. Dr. Lopez, a board-certified obstetrician and gynecologist, has been employed by Kern Medical Center since 2004. Currently, he serves as the Chair of the Department.

The proposed Amendment is to increase the on-call pay to adjust for market rates. The amendment will be effective February 21, 2024. The maximum payable under the Agreement will not exceed \$3,500,000 over the remainder of the five-year term, excluding the cost of benefits.

Therefore, it is recommended that your Board approve the proposed Amendment No. 1 to Agreement 044-023 with Juan M. Lopez, M.D., for professional medical and administrative services in the Department of Obstetrics and Gynecology, for the period March 15, 2023 through March 14, 2028, increasing the compensation for weekend day, holiday and weekday night call coverage, and increasing the maximum payable by \$250,000, from \$3,250,000 to \$3,500,000, effective February 21, 2024, and authorize the Chairman to sign.

AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Juan M. Lopez, M.D.)

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Juan M. Lopez, M.D. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #044-2023, dated March 15, 2023) (the “Agreement”), for the period March 15, 2023 through March 14, 2028, whereby Physician provides professional medical and administrative services in the Department of Obstetrics and Gynecology at KMC; and

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

(c) The Agreement is amended effective February 21, 2024;

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 5, Compensation Package, paragraph 5.4, Call Coverage, shall be deleted in its entirety and replaced with the following:

“5.4 Call Coverage. Authority shall pay Physician for call coverage at KMC as follows: (i) Physician shall be paid a per diem rate in the amount of \$3,600 per twenty-four (24) hour day for every weekend day and holiday call coverage assigned (Saturday and Sunday; designated Authority holidays only); (ii) Physician shall be paid a fixed fee in the amount of \$1,800 for every weekday night of call coverage assigned (Monday through Friday); and (iii) Physician shall be paid a fixed fee in the amount of \$500 for backup coverage if called to come to the hospital. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.”

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

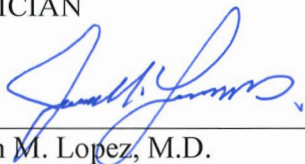
“5.11 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$3,500,000 over the five (5) year Term of this Agreement.”

3. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
4. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
5. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which take together shall constitute one and the same instrument.
6. Except as provided herein, all other terms, conditions and covenants of the Agreement shall remain in full force and effect.

[SIGNATURES FOLLOW ON NEXT PAGE]

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

PHYSICIAN

By 
Juan M. Lopez, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:

By _____
Scott Thygerson
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Vice President & General Counsel
Kern County Hospital Authority

Amend1.Lopez.021324



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

February 21, 2024

Subject: Proposed Amendment No. 1 to Agreement 041-2023 with Tarun Rustagi, M.D., a Contract Employee, for Professional and Administrative Services

Recommended Action: Approve; Authorize the Chairman to sign

Summary:

Kern Medical requests your Board approve Amendment No. 1 to Agreement 041-2023 with Tarun Rustagi, M.D., a contract employee, for professional medical services in the Department of Medicine, from March 16, 2024 through March 15, 2026, in an amount not to exceed \$3,860,435. Dr. Rustagi is a fellowship trained, board certified gastroenterologist. Dr Rustagi has been employed with Kern Medical since March 16, 2023.

Dr. Rustagi's annual base salary, of \$750,000 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided. Dr. Rustagi's compensation is comprised of (i) a base salary for GI Hospitalist services; (ii) GI Hospitalist Excess Shifts; (iii) GI Hospitalist Excess Worked RVUs; (iv) Non-GI Hospitalist outpatient Clinics; (v) Non-GI Hospitalist Generated Endoscopy Procedures. Dr. Rustagi will also receive the same complement of benefits offered all employed physicians to include eligibility to participate in the physicians' pension plan, healthcare coverage, vacation and sick leave, education days and CME reimbursement, and the option to elect voluntary benefits at no cost to Kern Medical.

Therefore, it is recommended that your Board approve Amendment No. 1 to Agreement 041-2023 with Tarun Rustagi, M.D., for professional medical services in the Department of Medicine for the period March 16, 2023 through March 15, 2024, extending the term for two years from March 16, 2024 through March 15, 2026, adding a signing bonus of \$50,000, increasing the expenditure for immigration expenses by \$15,000, from \$15,000 to \$30,000, and increasing the maximum payable by \$2,520,435, from \$1,340,000 to \$3,860,435, to cover the term, and authorize the Chairman to sign.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Tarun Rustagi, M.D.)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Tarun Rustagi, M.D. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #041-2023, dated March 15, 2023) (the “Agreement”), for the period March 16, 2023 through March 15, 2024, whereby Physician provides professional medical services in the Department of Medicine at KMC; and

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

(c) The Agreement is amended effective February 21, 2024;

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

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

“1. **Term.** The initial term of this Agreement (“Initial Term”) shall be for a period of one (1) year, commencing as of March 16, 2023, or the approved date of Physician’s nonimmigrant H-1B status, which permits work authorization, but no later than ninety (90) days after the approved H-1B visa date (the “Commencement Date”), and shall end March 15, 2026. At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for two (2) additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter if any.”

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

“5.5 **Maximum Payable.** The maximum compensation payable under this Agreement shall not exceed \$3,860,435 over the three (3) year Initial Term of this Agreement.”

3. Section 5, Compensation Package, paragraph 5.6, Signing Bonus, shall be made part of the Agreement as follows:

“5.6 Signing Bonus.

5.6.1 Bonus. Physician shall receive a signing bonus in the amount of \$50,000, less all applicable federal and state taxes and withholdings, payable within ten (10) business days of the date of the last signature herein below.

5.6.2 Repayment. In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever before March 16, 2025, Physician shall repay to Authority an amount equal to \$50,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within thirty (30) days of the effective date of his termination of employment with Authority.

5.6.3 Offset. Physician hereby authorizes Authority to offset against and reduce any amounts otherwise due to Physician for any amounts in respect of the obligation to repay the signing bonus.”

4. Section 6, Benefits Package, paragraph 6.16, Immigration Expenses, shall be deleted in its entirety and replaced with the following:

“6.16 Immigration Expenses. Authority agrees to pay for all reasonable and necessary expenditures related to Physician’s H-1B status and Permanent Resident Card in an amount not to exceed \$30,000.”

5. Section 29, Effect of Termination, paragraph 29.5, Liquidated Damages, shall be deleted in its entirety and replaced with the following:

“29.5 Liquidated Damages. In the event that Physician terminates this Agreement during the Initial Term or this Agreement is terminated by Authority prior to the expiration of the Initial Term due to an Event of Default as defined in paragraph 28.2, the parties agree that Authority will suffer a substantial injury for which it is impracticable or extremely difficult to ascertain or fix actual damages with any degree of certainty. If Physician terminates this Agreement during the Initial Term or this Agreement is terminated by Authority prior to the expiration of the Initial Term due to an Event of Default, Physician agrees to pay liquidated damages to Authority according to the following schedule: \$30,000 if Physician terminates this Agreement before the end of the first Employment Year; \$25,000 if Physician terminates this Agreement after the first Employment Year but prior to the end of the second Employment Year; and \$20,000 if Physician terminates this Agreement after the end of the second Employment Year but prior to the end of the third Employment Year. The parties intend that Physician’s payment of the liquidated damages amount would serve to compensate Authority for the

early termination of this Agreement, and they do not intend for it to serve as punishment for such termination.”

6. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
7. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
8. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which take together shall constitute one and the same instrument.
9. Except as provided herein, all other terms, conditions and covenants of the Agreement shall remain in full force and effect.

[SIGNATURES FOLLOW ON NEXT PAGE]

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

PHYSICIAN

By _____
Tarun Rustagi, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:

By _____
Scott Thygerson
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Vice President & General Counsel
Kern County Hospital Authority

Amend1.Rustagi.021324



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

February 21, 2024

Subject: Proposed Agreement with McMurtrey Lince, Inc., for construction of the new pediatric unit in the Emergency Department

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

Summary:

Kern Medical requests your Board's approve the proposed Agreement with McMurtrey Lince, Inc., to construct the new Pediatric Unit in the Emergency Department. Bids were received from three General Contractors and McMurtrey Lince, Inc. had the best proposal for the project.

Kern Medical seeks to enhance access to care and patient experience. The emergency department has experienced ongoing increases in patient visits, especially in the areas of behavioral health, trauma, and the number of pediatric patients requiring care. A designated pediatric care area in the emergency department, as well as the addition of fast-track exam rooms to care for patients that will be treated and discharged for minor care visits, will support Kern Medical's effort to improve access to care for the increased volume that the emergency department has been experiencing, and has the added benefit of supporting our emergency medicine residency program.

The California Department of Health Care Access and Information (HCAI) reported that the statewide median number of emergency department visit per treatment station was 1,270. California hospitals emergency visits-to-treatment station ratios range between 482 visits per station to 3,548 visits. Hospitals located in designated Health Professional Shortage Areas for both Primary Care and Mental Health, like Kern Medical, had higher median emergency visits of 1,310 visits per station (source: HCAI Emergency Department Volume and Capacity by Facility, Health Category and Health Professional Shortage Area, 2021). Kern Medical has 28 treatment stations excluding hallways beds and each year averages over 1,800 visits per station.

The original approved project provides for four new exam rooms, a nurse station, clean/dirty rooms, new triage, new nurse call system, and required support areas, for a budgeted amount of \$2,000,000, funded through a grant received from the Children's Hospital Bond Act of 2018. The project will now include two fast-track exam rooms, upgrades to the patient triage area, and a new registration office within the lobby area. The original scope of work was estimated at a maximum payable of \$1,948,600. The additional construction proposal increases the project amount by \$790,400 for a total project amount of \$2,739,000.

The Agreement before your Board is effective as of February 21, 2024, with construction anticipated to be completed within twelve months of commencement. The projected construction cost for this project is \$3,012,900, which includes future change orders of up to 10% of the original contract price of \$2,739,000.

Therefore, it is recommended that your Board make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of state CEQA guidelines, approve the Agreement, authorize Chairman to sign, and authorize the Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price of \$2,739,000 which is an approval of a possible total not to exceed of \$3,012,900.

DOCUMENT 00500

AGREEMENT

THIS AGREEMENT, dated this **21st day of February 2024**, is by and between **McMurtrey Lince, Inc.**, whose place of business is located at **1025 Espee Street, Bakersfield, CA 93301** ("Contractor"), and the **KERN COUNTY HOSPITAL AUTHORITY**, a local unit of government (hereinafter "Owner and/or Authority"), acting under and by virtue of the authority vested in Owner by the laws of the State of California

WHEREAS, in consideration for the promises and payment to be made and performed by Authority, and under the conditions expressed in the incorporated Bid Proposal (Bid), bonds and related papers, Contractor agrees to do all the work and furnish all the materials at the expense of Contractor (except such as the Specifications state will be furnished by Authority) necessary to construct and complete in a good and workmanlike manner to the satisfaction of the Chief Executive Officer for the Kern County Hospital Authority all the work shown and described in the plans and specifications for the project known as:

New Emergency Pediatric Wing (10079)

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, Contractor and Owner agree as follows:

ARTICLE 1 - SCOPE OF WORK OF THE CONTRACT

1.01 Work of the Contract

- A. Contractor shall complete all Work specified in the Contract Documents, in accordance with the Specifications, Drawings, and all other terms and conditions of the Contract Documents (**Work**).

1.02 Price for Completion of the Work

- A. Owner shall pay Contractor the following Contract Sum **two million, seven hundred thirty-nine thousand dollars (\$2,739,000.00)** for completion of Work in accordance with Contract Documents as set forth in Contractor's Bid, attached hereto.

ARTICLE 2 - COMMENCEMENT AND COMPLETION OF WORK

2.01 Commencement of Work

- A. Contractor shall commence Work on the date established in the Notice to Proceed (**Commencement Date**).

- B. Owner reserves the right to modify or alter the Commencement Date.

2.02 Completion of Work

- A. Contractor shall achieve Final Completion of the entire Work **145 Working Days**, as defined in Document 01422, from the Commencement Date.

ARTICLE 3 - LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF WORK

3.01 Liquidated Damage Amounts

- A. As liquidated damages for delay Contractor shall pay Owner **one thousand dollars (\$1,000.00)** for each Calendar Day that expires after the time specified herein for Contractor to achieve Final Completion of the entire Work, until achieved.

3.02 Scope of Liquidated Damages

- A. Measures of liquidated damages shall apply cumulatively.
- B. Limitations and stipulations regarding liquidated damages are set forth in Document 00700 (General Conditions).

ARTICLE 4 - CONTRACT DOCUMENTS

- 4.01** Contract Documents consist of the following documents, including all changes, Addenda, and Modifications thereto:

Document 00001	Title Page
Document 00100	Notice to Contractors
Document 00200	Instruction to Bidders
Document 00300	Geotechnical Data and Existing Conditions
Document 00410	Bid Form
Document 00412	Bidder Registration Form
Document 00431	Subcontractors List
Document 00452	Non-Collusion Declaration
Document 00455	Bidder Certifications
Document 00500	Agreement
Document 00501	Proposed Contract Documents Transmittal
Document 00601	Construction Performance Bond
Document 00602	Construction Labor and Material Payment Bond
Document 00603	Guaranty
Document 00590	Release of Claims
Document 00700	General Conditions
Document 00738	Apprenticeship Programs
Document 00800	Supplementary Conditions – Insurance
Master Specifications	Divisions 1 through 16
Drawings	

- 4.02** There are no Contract Documents other than those listed above. The Contract Documents may only be amended, modified or supplemented as provided in Document 00700 (General Conditions).

ARTICLE 5 – LIABILITY OF AUTHORITY

- 5.01** 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.

ARTICLE 6 – MISCELLANEOUS

- 6.01** Terms and abbreviations used in this Agreement are defined in Document 00700 (General Conditions) and Section 01422 (Definitions) and will have the meaning indicated therein.
- 6.02** It is understood and agreed that in no instance are the persons signing this Agreement for or on behalf of Owner or acting as an employee, agent, or representative of Owner, liable on this Agreement or any of the Contract Documents, or upon any warranty of authority, or otherwise, and it is further understood and agreed that liability of Owner is limited and confined to such liability as authorized or imposed by the Contract Documents or applicable law.
- 6.02** In entering into a public works contract or a subcontract to supply goods, services or materials pursuant to a public works contract, Contractor or Subcontractor offers and agrees to assign to the awarding body all rights, title and interest in and to all causes of action it may have under

Section 4 of the Clayton Act (15 U.S.C. §15) or under the Cartwright Act (Chapter 2 (commencing with §16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time Owner tenders final payment to Contractor, without further acknowledgment by the parties.

- 6.03 This project is subject to prevailing wage laws. Copies of the general prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Contract, as determined by Director of the State of California Department of Industrial Relations, are deemed included in the Contract Documents and on file at Owner's Office, and shall be made available to any interested party on request. Pursuant to California Labor Code §§ 1860 and 1861, in accordance with the provisions of Section 3700 of the Labor Code, every contractor will be required to secure the payment of compensation to his employees. Contractor represents that it is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and Contractor shall comply with such provisions before commencing the performance of the Work of the Contract Documents.
- 6.04 This Agreement and the Contract Documents shall be deemed to have been entered into in the County of Kern, State of California, and governed in all respects by California law (excluding choice of law rules). The exclusive venue for all disputes or litigation hereunder shall be in the Superior Court for the County of Kern.

IN WITNESS WHEREOF the parties have executed seven original Agreements on the day and year first above written.

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL

By Phillip Jenkins
Phillip Jenkins, Hospital Counsel

KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell E. Bigler, Chairman, Board of Governors
"AUTHORITY"

APPROVED AS TO CONTENT:
KERN MEDICAL HOSPITAL

By _____
Scott Thygerson, CEO

Contractor's Name

Type of Entity
(corporation, partnership, sole proprietorship)

By James McMurtry
Signature

JAMES MCMURTRY
Typed Name

VP/CO
Title of Individual Executing
Document on behalf of Firm

"CONTRACTOR"

NOTICE: CONTRACTORS ARE REQUIRED BY LAW TO BE LICENSED AND ARE REGULATED BY CONTRACTORS' STATE LICENSE BOARD. QUESTIONS CONCERNING A CONTRACTOR MAY BE REFERRED

Rev. 0
April 12, 2014

TO THE REGISTRAR OF THAT BOARD, WHOSE ADDRESS IS: CONTRACTORS' STATE LICENSE BOARD,
1020 "N" STREET, SACRAMENTO, CALIFORNIA 95814.

END OF DOCUMENT

Kern Medical
Construction Division of Engineering
Bid Opening Information

February 1, 2024
11:00AM

Kern Medical Emergency New Pediatric Wing

[illegible]



Pediatric Emergency Department
McMurtrey Lince Construction Contract

Pediatric ED

- Designated Pediatric Care Area
 - Provides a more welcoming atmosphere and experience for pediatric patients
 - Supports growing patient volumes
 - 4 exam rooms
 - Nurses station
 - Nurse Call System
 - Received \$2,231,926 in grant funding through Children's Hospital Bond Act

Fast-Track Exam Rooms

- Two Fast-Track Rooms
 - Updated building code allows for fast-track exam rooms
 - Timely access for patients that can be treated and discharged for minor care
- Other additions to the project include:
 - Safety enhancements to Ballistics Level 4 to support staff safety
 - Registration office inside of the emergency lobby area

**Kern Medical Center
Pediatric Emergency Department
Sources and Use of Funds**

Cash Flow from Grants

Children's Hospital Bond Act	2,231,926	
Pediatric ED Construction	(1,948,600)	
Pediatric Emergency Room Equipment	(231,926)	
Contingency	(51,400)	
Net Cash Flows from Grants		0

Cash Flow from Investment Activities

Fast Track Rooms	(720,400)	
Safety Enhancements	(70,000)	
Net Cash Flows from Investment Activities		(790,400)

Change in Cash Position		(790,400)
--------------------------------	--	------------------

NEW EMERGENCY PEDIATRIC UNIT

PAINT

Field Color
Dunn Edwards: Droplets



Accent Color at Soffits
Dunn Edwards: Cornflower



Door Frames
Dunn Edwards: Miner's Dust



CERAMIC TILE | PATIENT RESTROOMS

Floor Tile
Daltile: Volume 1.0 12x12 Thunder



Floor Tile Grout
Custom Building Products: Pewter



WALL PROTECTION

Acrovyn: Folkstone



CORNER GUARDS, CRASH RAILS

InPro: Pebble Gray



RUBBER WALL BASE

Tarkett: Colonial Grey



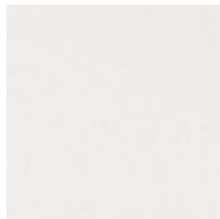
PLASTIC LAMINATE

Wilsonart: Belgewood



SOLID SURFACE | COUNTERTOPS

Wilsonart: Milky Glass Spectra



QUARTZ | NURSES' STATION

Corian: Snow Flurry



RESILIENT SHEET | FLOOR

Corridor, Triage, Exam Rooms

Tarkett: Aria Fazed Grey



Main Corridor

Tarkett: Melodia Nimbus



Nurse's Station

Tarkett: Melodia Mailblue



ACOUSTIC CEILING TILE

Exam Rooms

Armstrong Ultima Health Zone



Corridor

Armstrong Cirrus Themes Stars



RENDERED VIEW OF NURSES' STATION





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

February 21, 2024

Subject: Kern County Hospital Authority Chief Financial Officer Report – December 2023

Recommended Action: Receive and File

Summary:

Kern Medical Operations:

Kern Medical key performance indicators:

- Operating gain of \$112,130 for December is \$98,210 more than the December budget of \$13,920 and \$32,894 more than the \$79,236 average over the last three months
- EBIDA of \$1,853,045 for December is \$735,755 more than the December budget of \$1,117,289 and \$267,462 more than the \$1,585,583 average over the last three months
- Average Daily Census of 162 for December is the same as the December budget of 162 and 3 more than the 159 average over the last three months
- Admissions of 896 for December are 62 more than the December budget of 834 and 129 more than the 767 average over the last three months
- Total Surgeries of 467 for December are 29 more than the December budget of 438 and 17 less than the 484 average over the last three months
- Clinic Visits of 15,213 for December are 1,309 less than the December budget of 16,522 and 2,532 less than the 17,745 average over the last three months. The total includes 121 COVID-19 vaccination visits

The following items have budget variances for the month of December 2023:

Patient Revenue:

For gross patient revenue, there is a 2% favorable budget variance for the month and a 7% favorable variance year-to-date. The large variance is mainly due to a 3.2% charge master price increase that became effective on July 1, 2023. Kern Medical expects strong patient census levels and consistently high gross patient revenue for FY 2024.

Indigent Funding Revenue:

Indigent funding has a favorable budget variance for the month and on a year-to-date basis. Adjustments were posted in December to true-up FY 2024 Rate Range Intergovernmental Transfer (IGT) funding based on favorable changes in estimates for this program. In addition, the year-to-date variance is favorable due to adjustments posted in November to true-up FY 2023 Correctional Medicine revenue and to adjust FY 2024 Correctional Medicine revenue based on cost reconciliation for these services.

Other Operating Revenue:

Kern Medical is under budget for other operating revenue for the month and on a year-to-date basis. Items such as medical education funding, grants, and Proposition 56 funding are received quarterly or otherwise periodically. Therefore, actual monthly revenue compared to the budget will fluctuate throughout the year.

Other Non-Operating Revenue:

Other non-operating revenue is reported as budgeted for the month of December. On a year-to-date basis, there is a favorable budget variance due to the receipt of \$64 thousand of COVID-19 employee retention funds in July 2023. The COVID-19 retention bonuses were paid out to employees in July and were included in salaries expense.

Salaries Expense:

Salaries expense is \$10.5 million over budget on a year-to-date basis because of several factors including:

- Decrease in nurse registry expense accounts for a corresponding increase in salary expense for nursing.
- Management and administrative positions previously filled by Meridian Healthcare Partners and by Cantu Management were hired by Kern Medical and became full-time employees of the hospital. These staff members fill the same administrative and management positions as before, but now as salaried employees of Kern Medical. A corresponding decrease in other professional fees contracted services offsets this shift in personnel.

Nurse Registry Expense:

Nurse registry expense is 10% under budget for the month and 15% under budget year-to-date. Kern Medical has substantially decreased its usage of contract nurse services. In addition, the hourly rates charged by the staffing agencies that provide registry nurse services are significantly lower than at various COVID-related peaks. Staffing agencies were charging higher-than-average costs per hour due to high demand for nursing staff during the pandemic. Kern Medical plans to continue its need for registry services as appropriate to staff for patient needs.

Medical Fees:

Medical fees are 7% over budget for the month and 7% over budget on a year-to-date basis because of higher-than-average monthly fees paid to Regional Anesthesia Associates and to Acute Care Surgery Medical Group.

Other Professional Fees:

Other professional fees have a favorable budget variance for the month and on a year-to-date basis. Prior to September 2023, Kern Medical administrative and management positions were filled by Meridian Healthcare Partners and by Cantu Management Group. These Meridian and Cantu positions were hired by Kern Medical and became full-time employees of the hospital. These staff members fill the same administrative and management positions as before, but now as salaried employees of Kern Medical. Therefore, throughout FY 2024 other professional fees will be under budget. However, this favorable budget variance will be offset by a corresponding increase in salaries and benefits expenses.

Supplies Expense:

Supplies expense is under budget for the month and on a year-to-date basis due to lower-than-average costs for pharmaceuticals and for general medical supplies.

Purchased Services:

Purchased services are over budget for the month because of an under accrual in prior month for ambulance fees and an under accrual in the prior month for out-of-network costs for health care services provided by outside providers for Kern Medical patients. On a year-to-date basis, higher-than-average expenses for resident education expenses contribute to the unfavorable budget variance.

Other Expenses:

Other expenses are under budget for the month and on a year-to-date basis due to a change in the treatment of accounting for leases. GASB 87 was implemented in 2022 and requires leases to be set up as assets at fair market value and amortized over time. Corresponding right-of-use liabilities are also set up for leases with applicable interest expense accrued. The net effect of the implementation of GASB 87 is minimal. The decrease in lease expense under the other expenses section of the income statement is offset by increases in amortization expense and in interest expense.

Interest Expense:

Interest expense is over budget month-to-date and year-to-date due to higher than anticipated certificate of participation (COP) bond interest. In addition, a change in the treatment of accounting for leases under GASB 87 was implemented in 2022 and requires leases to be set up as assets at fair market value and amortized over time. Corresponding right-of-use liabilities are also set up for leases with applicable interest expense accrued. The net effect of the implementation of GASB 87 is minimal. The decrease in lease expense under the other expenses section of the income statement is offset by increases in amortization expense and in interest expense.

Depreciation and Amortization Expense:

Depreciation and amortization expenses are over budget for the month and on a year-to-date basis because of the implementation of GASB 87. Please see the interest expense section of this memo for an explanation of how leases are accounted for under GASB 87 and how it may affect amortization expense.

Balance Sheet: Long-Term Liabilities:

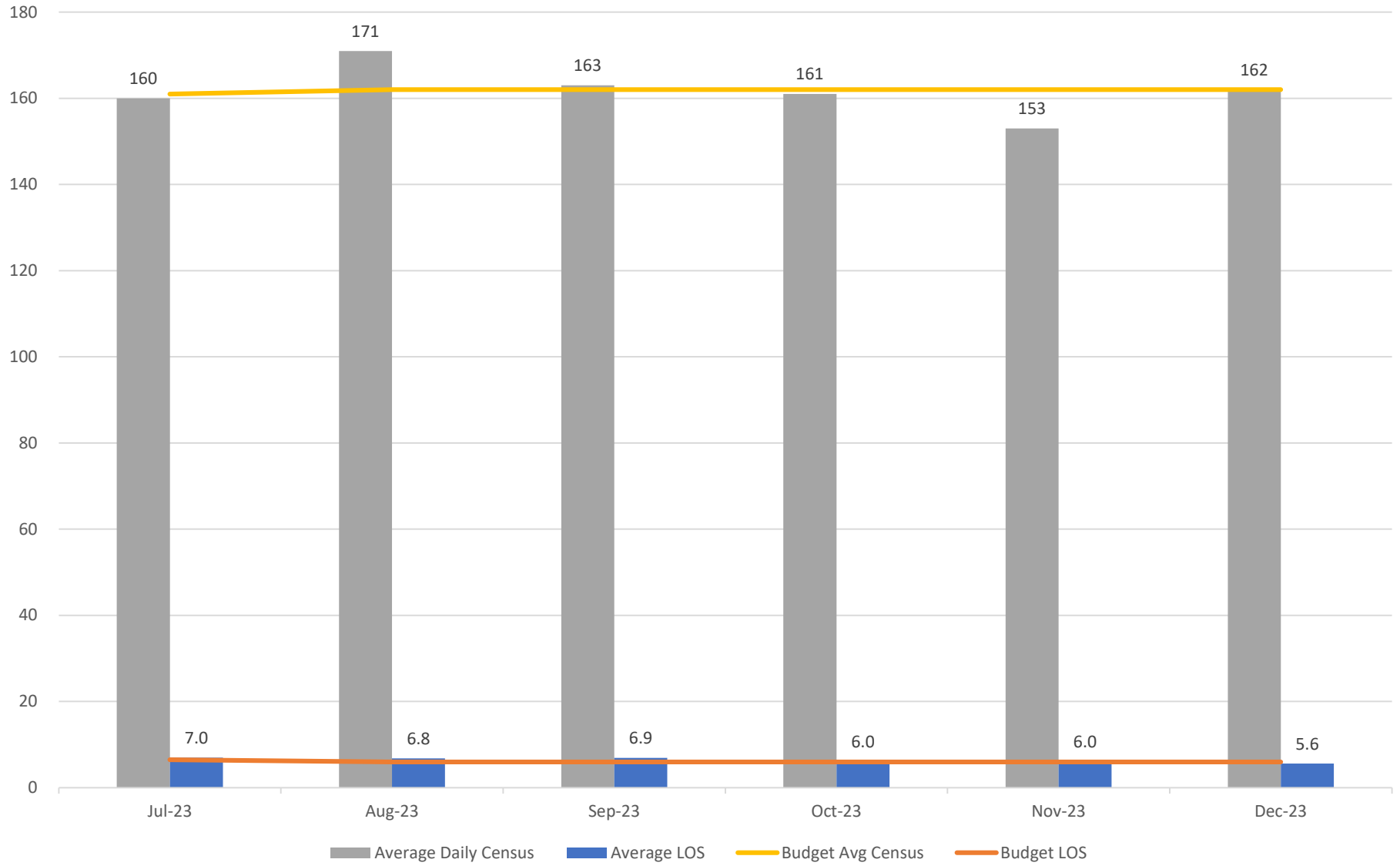
Kern Medical's FY 2023 financial statements audit was completed in January 2024 and the FY 2023 reporting period was closed. The resulting adjustments for long-term liabilities made after fiscal year-ended June 30, 2023 are now reflected in the monthly balance sheet reporting for FY 2024. Among the entries is a \$61.2 million unfavorable accounting adjustment for the unfunded pension obligation. The adjustment is supported by the year-end actuarial report received from KCERA that was based on market conditions at the time the report was compiled. This accounting adjustment does not alter financial profitability or cash position.

In addition to the unfavorable change for the unfunded pension liability, other-long term liabilities reported for December 2023 total \$82,174,953, down from the prior year amount of \$134,837,243. The favorable change is due in large part to a \$53.9 million favorable increase in deferred inflows from the pension. This adjustment for deferred inflows is also supported by the KCERA actuarial report previously referenced.

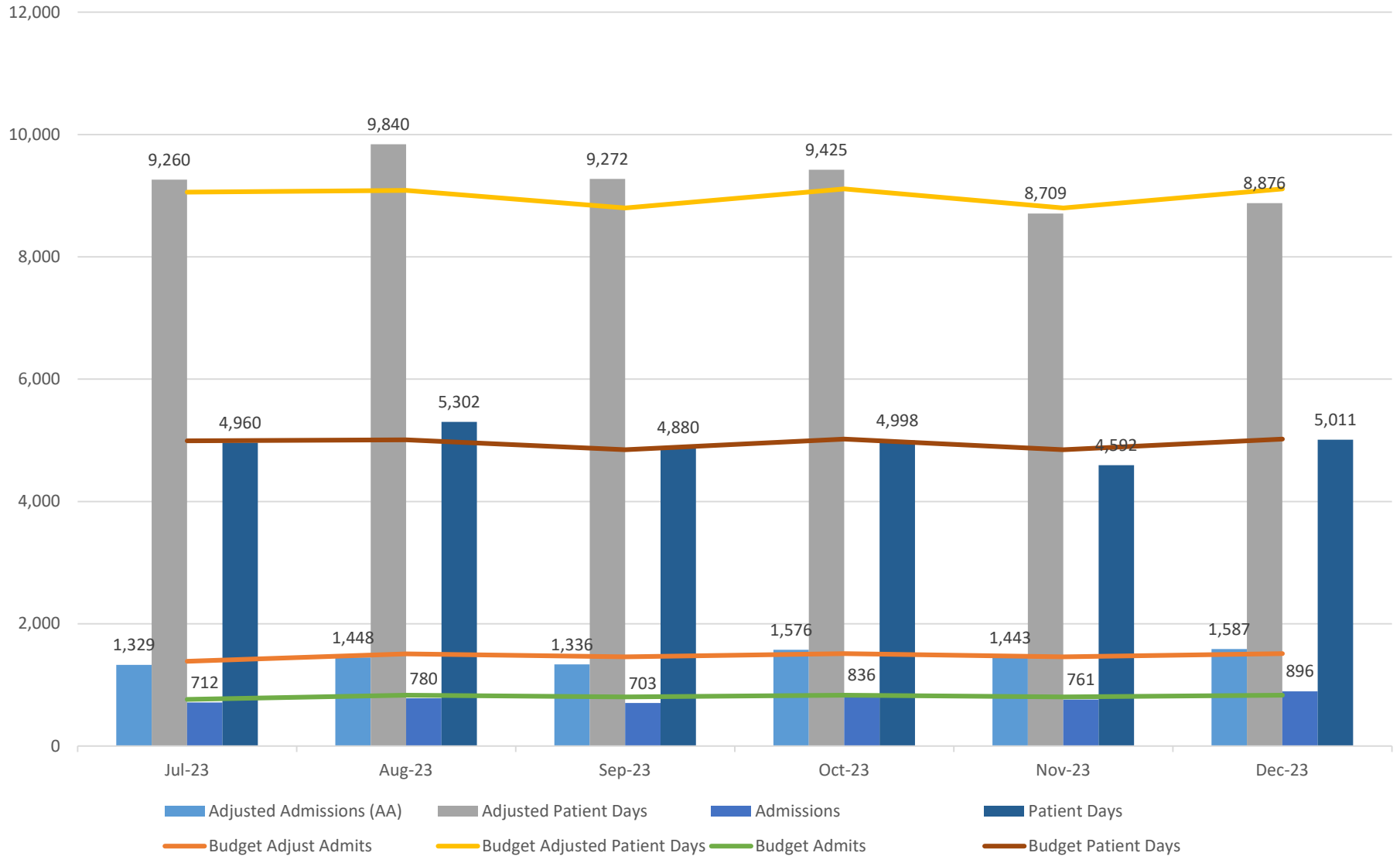


**BOARD OF GOVERNORS' REPORT
KERN MEDICAL – DECEMBER 2023**

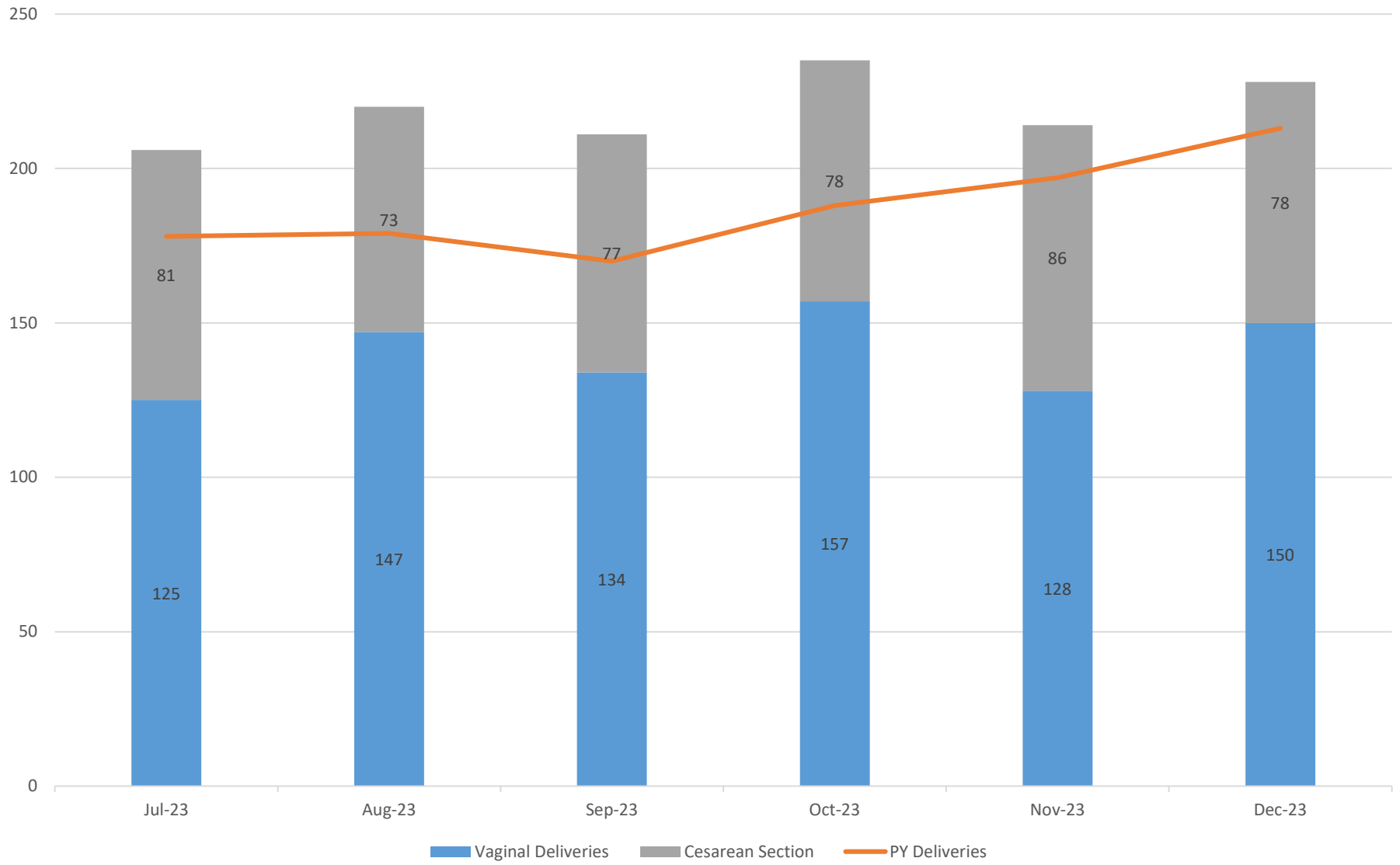
Census & ALOS



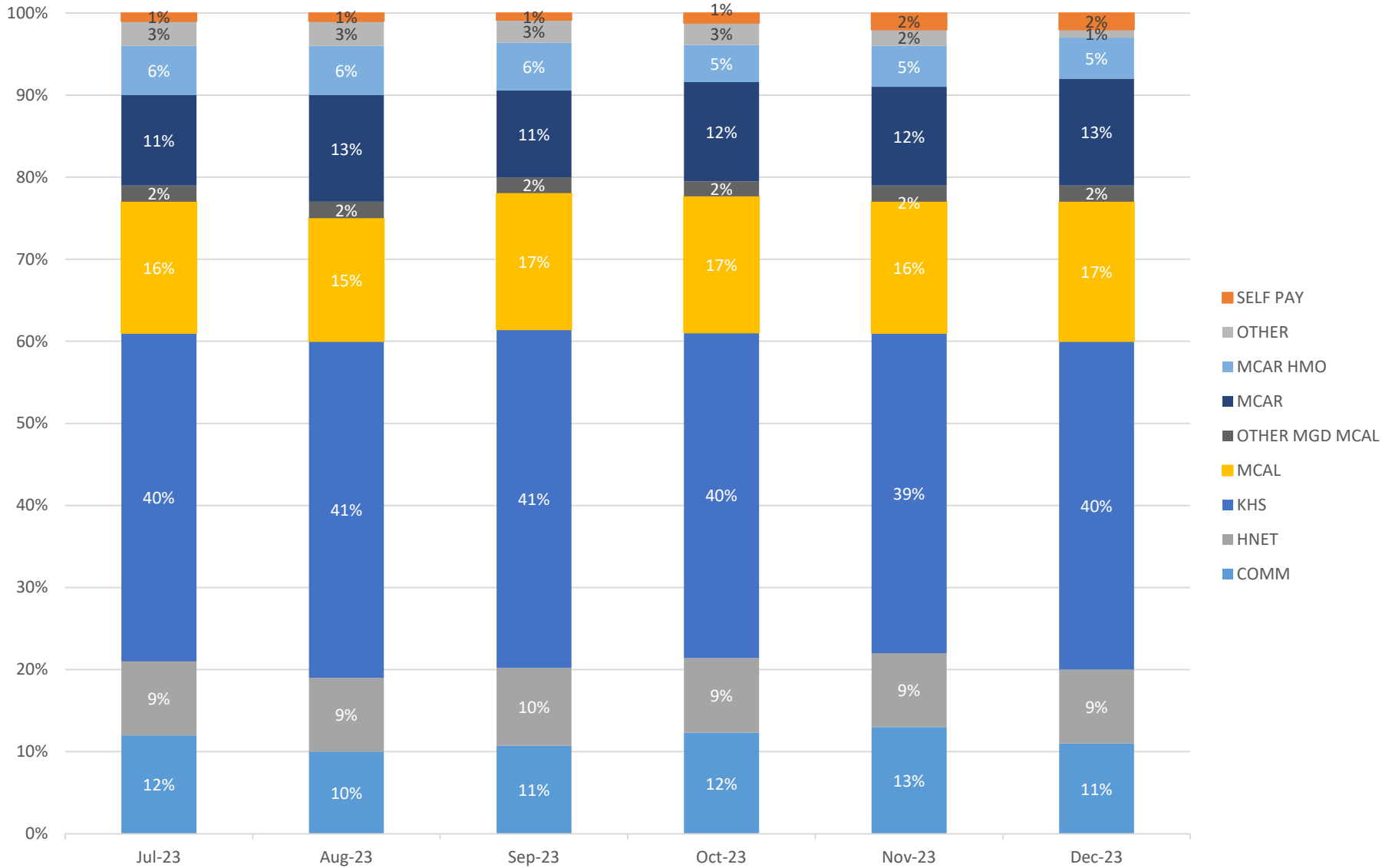
Hospital Volumes



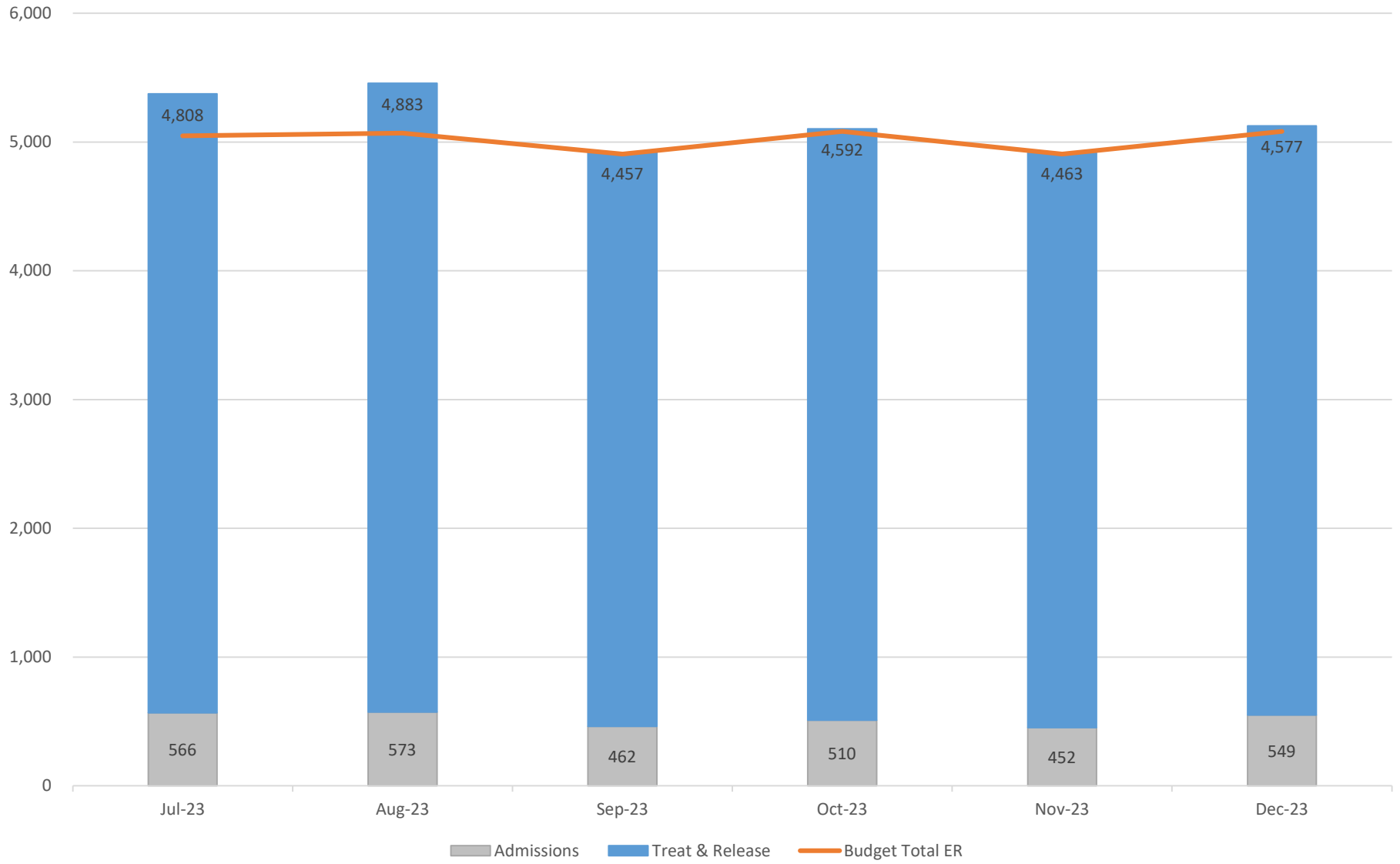
Deliveries



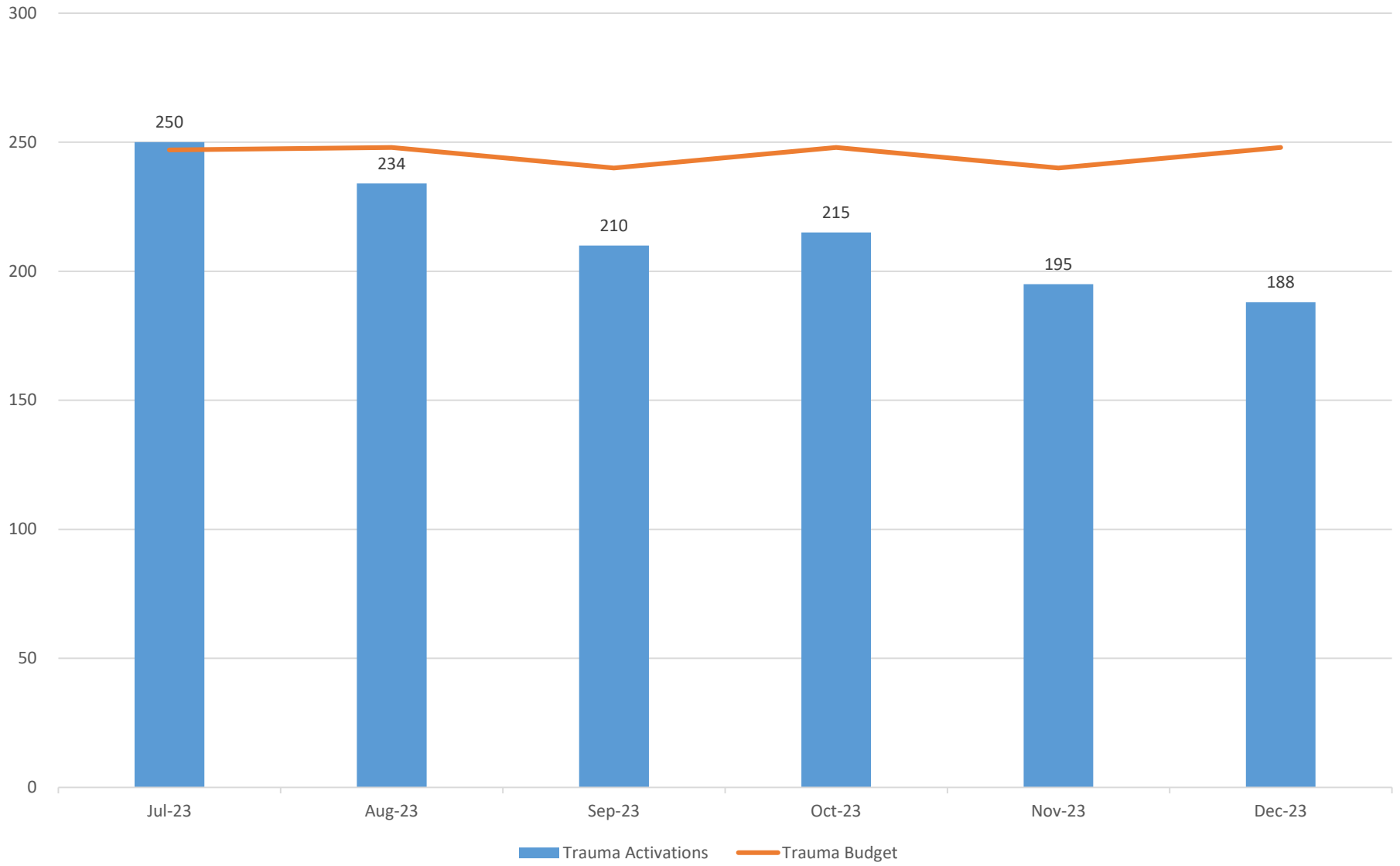
PAYER MIX



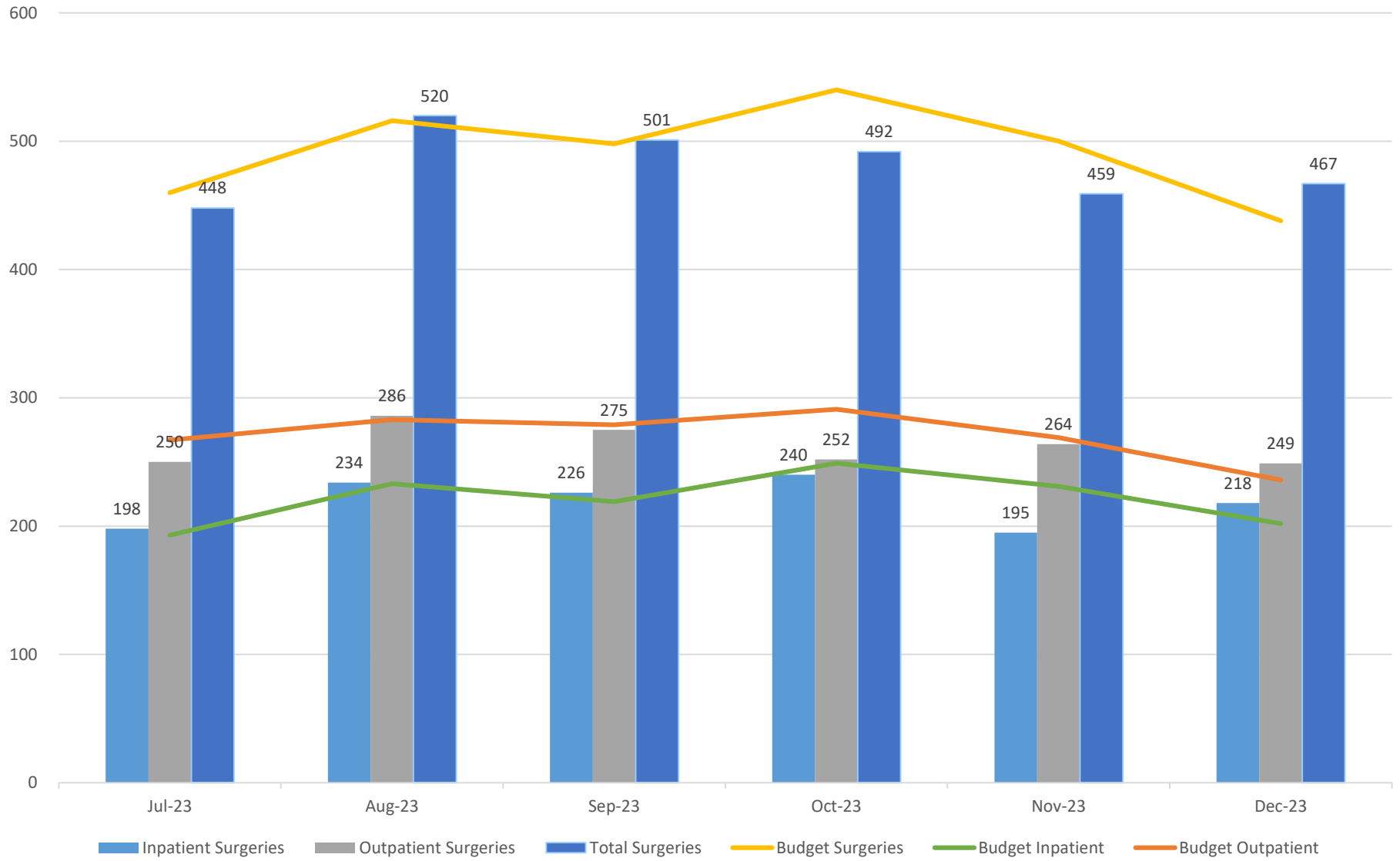
Emergency Room Volume



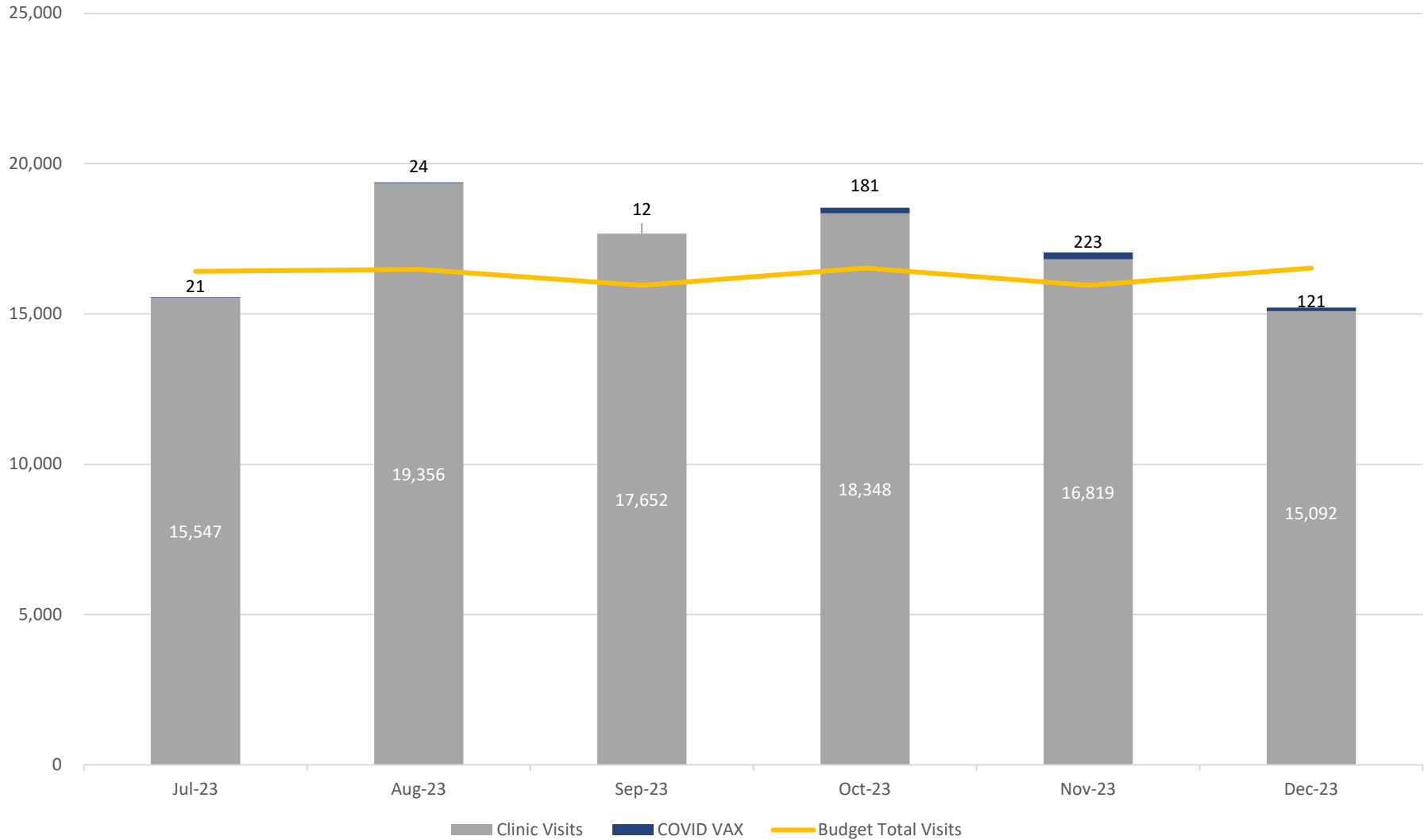
Trauma Activations



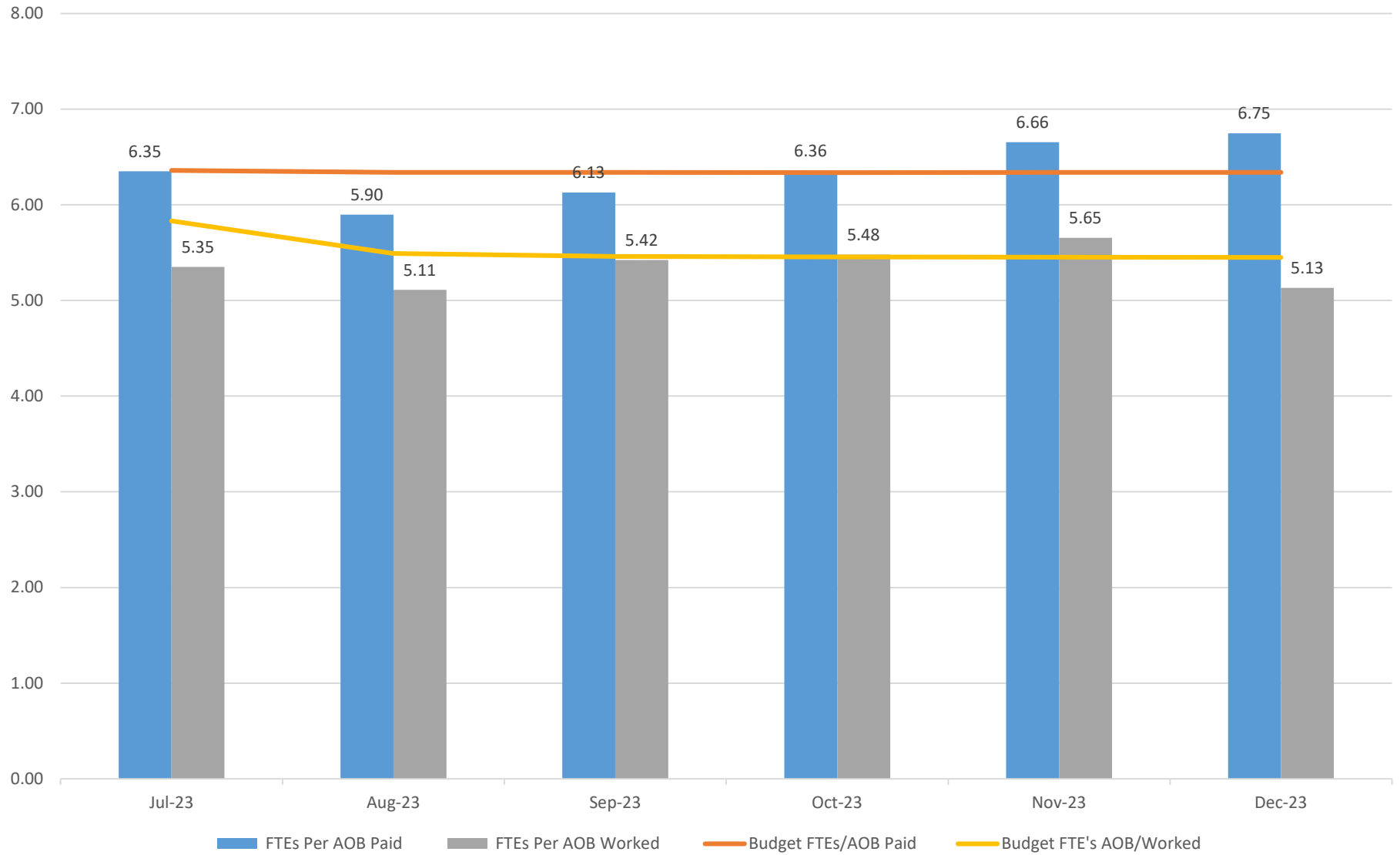
Surgical Volume



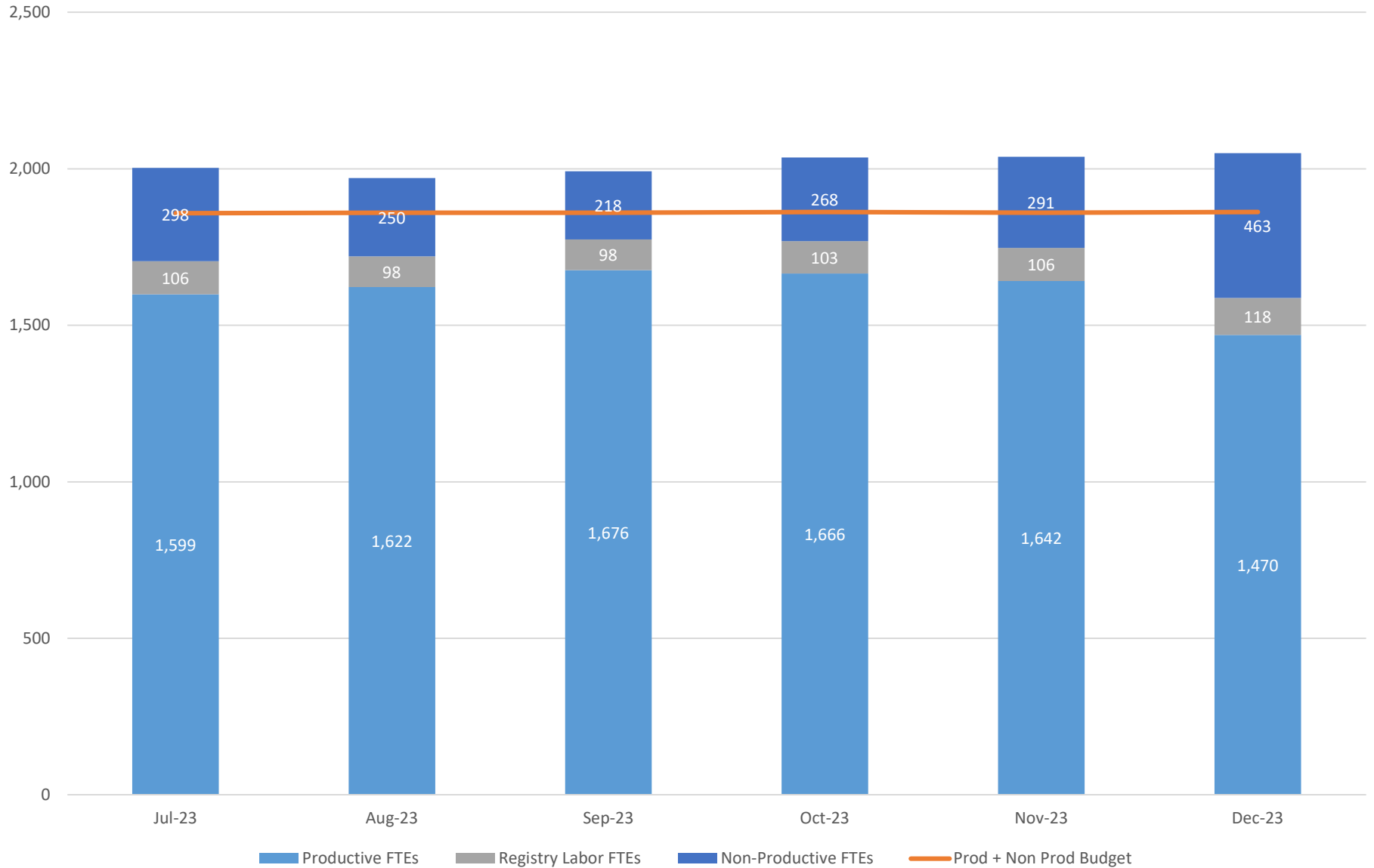
Clinic Visits



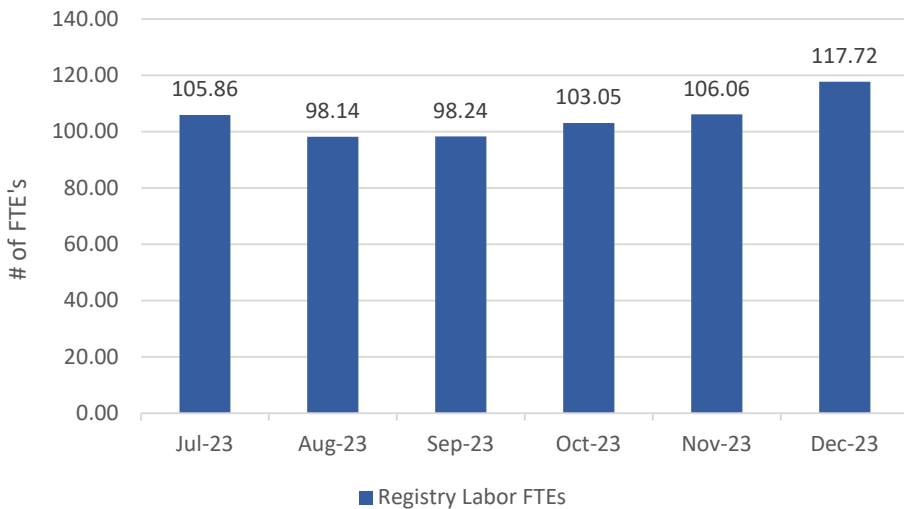
Labor Metrics



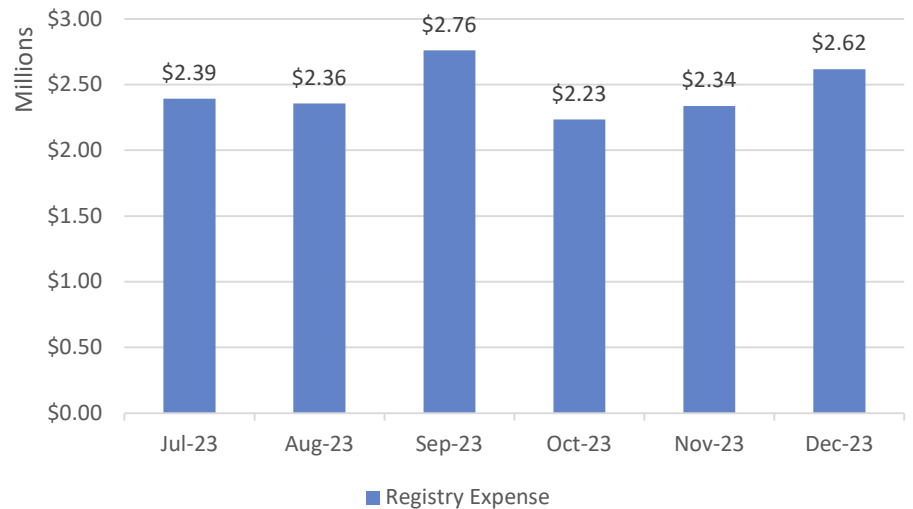
Productivity



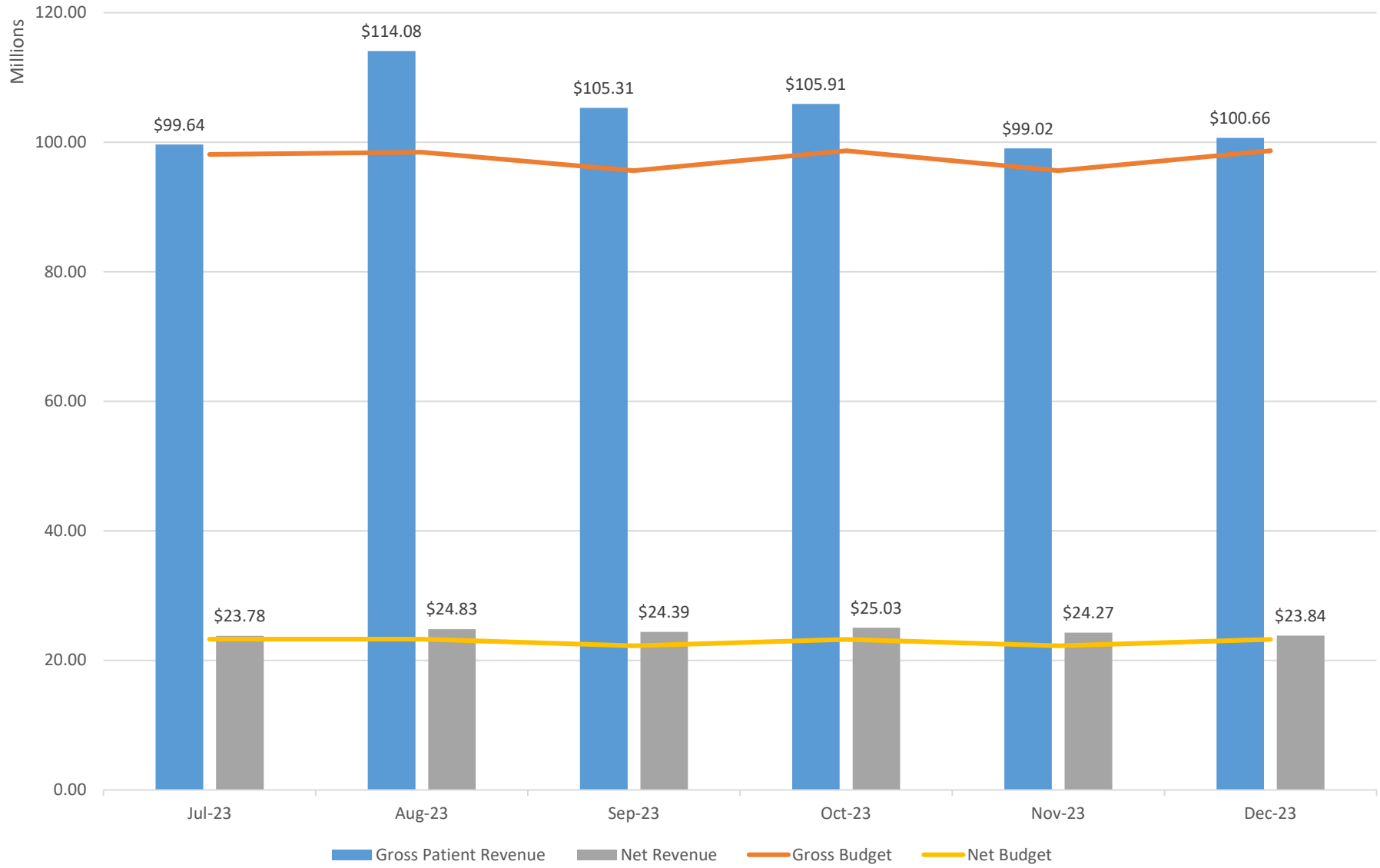
Registry FTE's



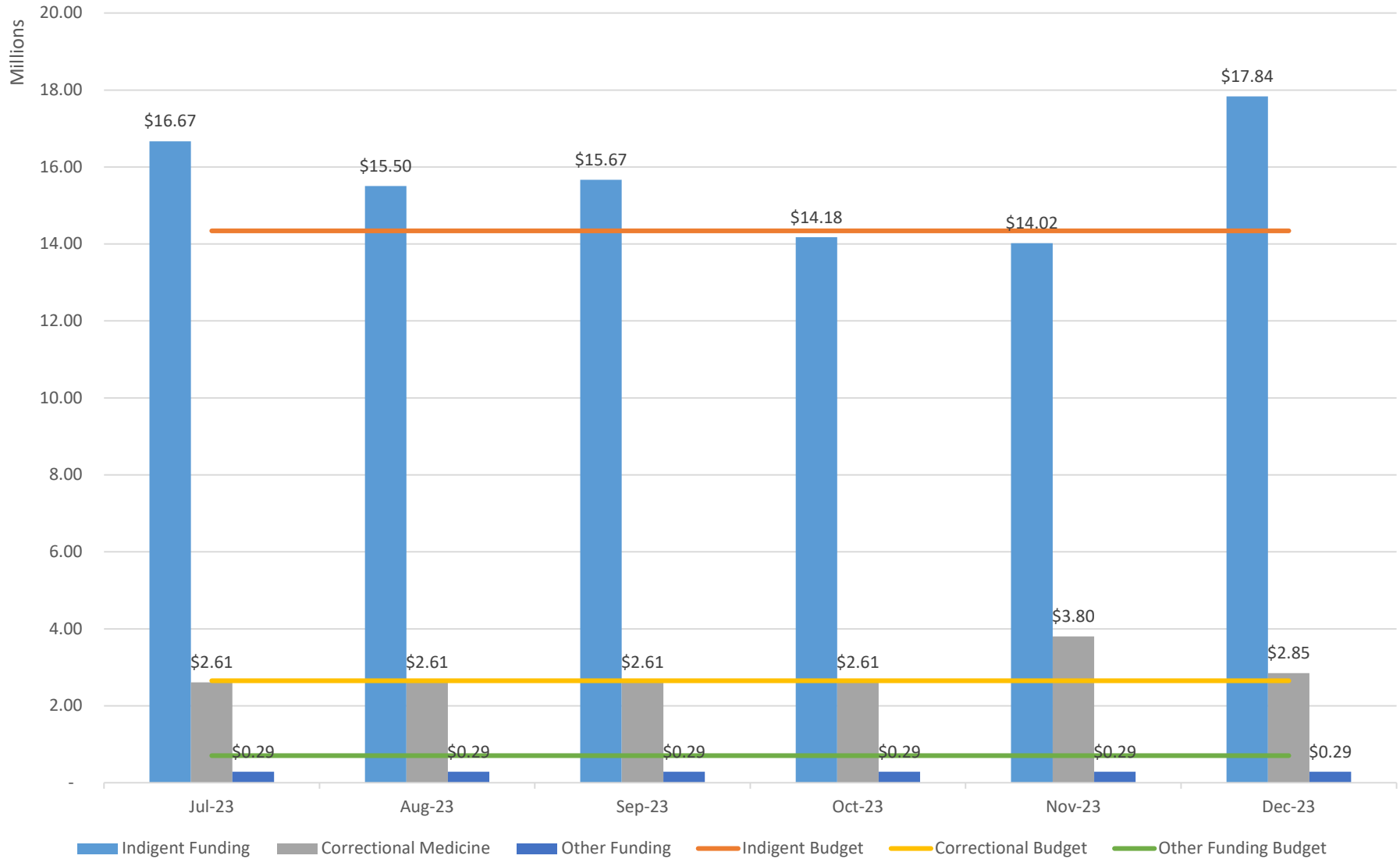
Registry Expense



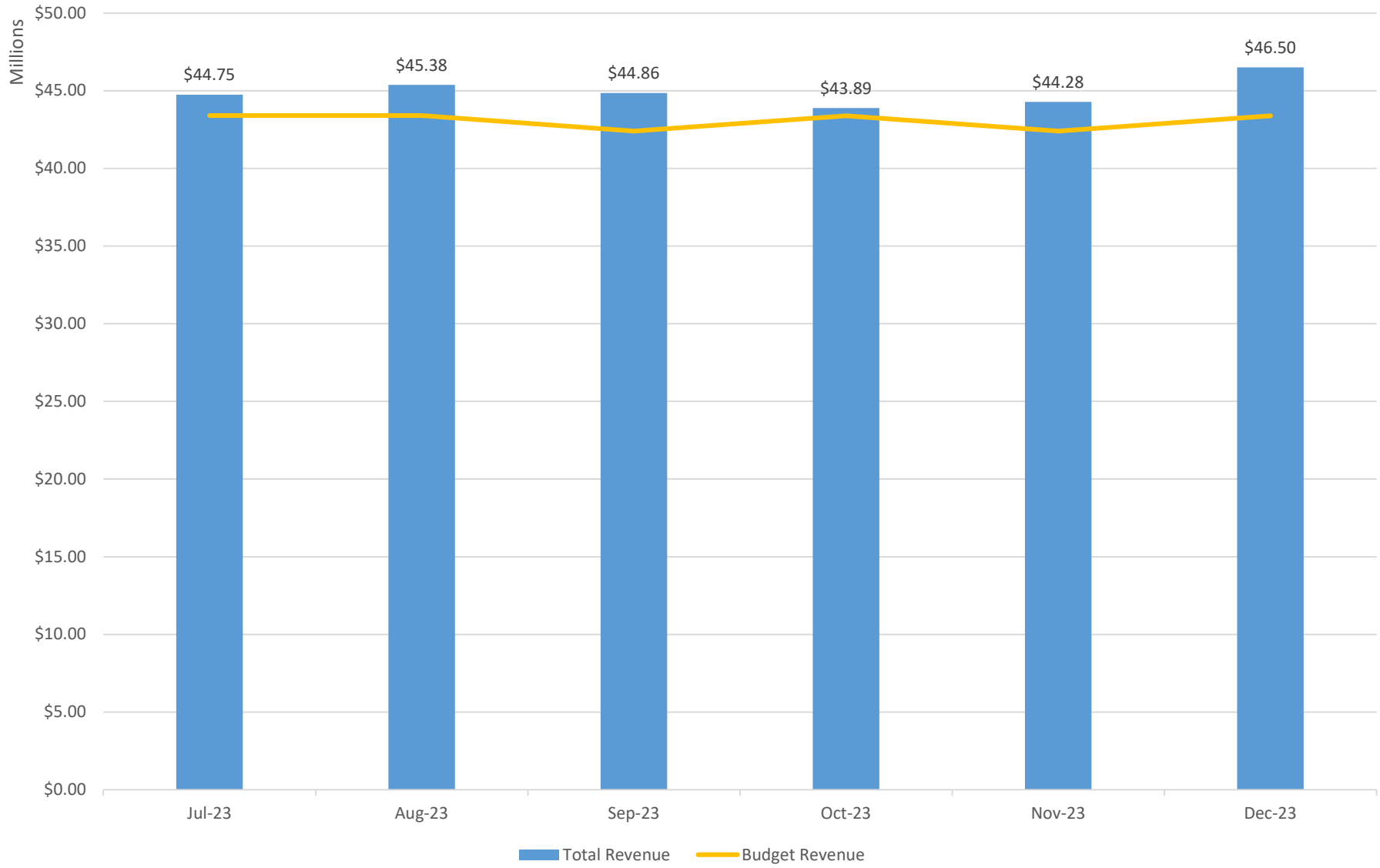
Patient Revenue



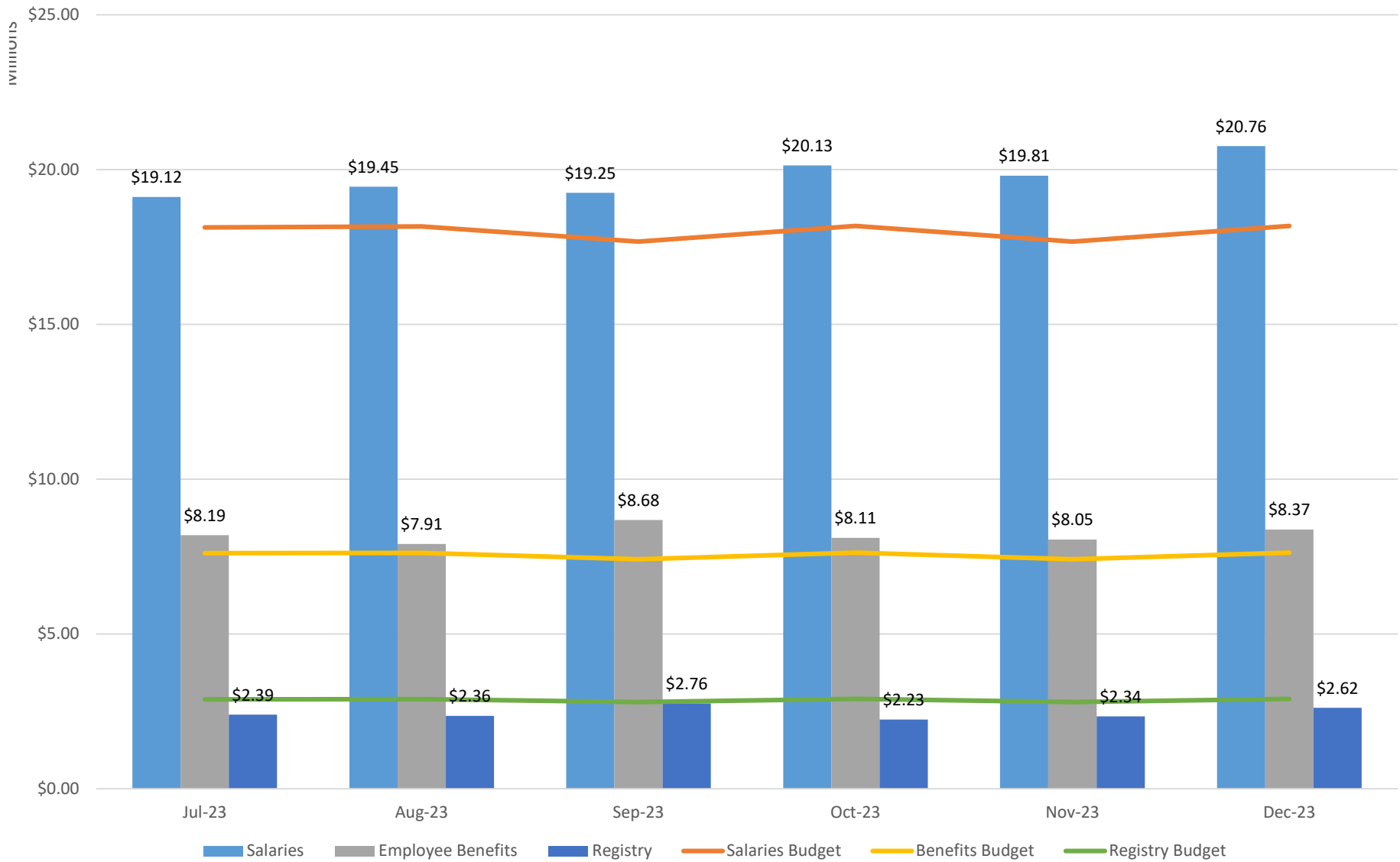
Indigent & Correctional Revenue



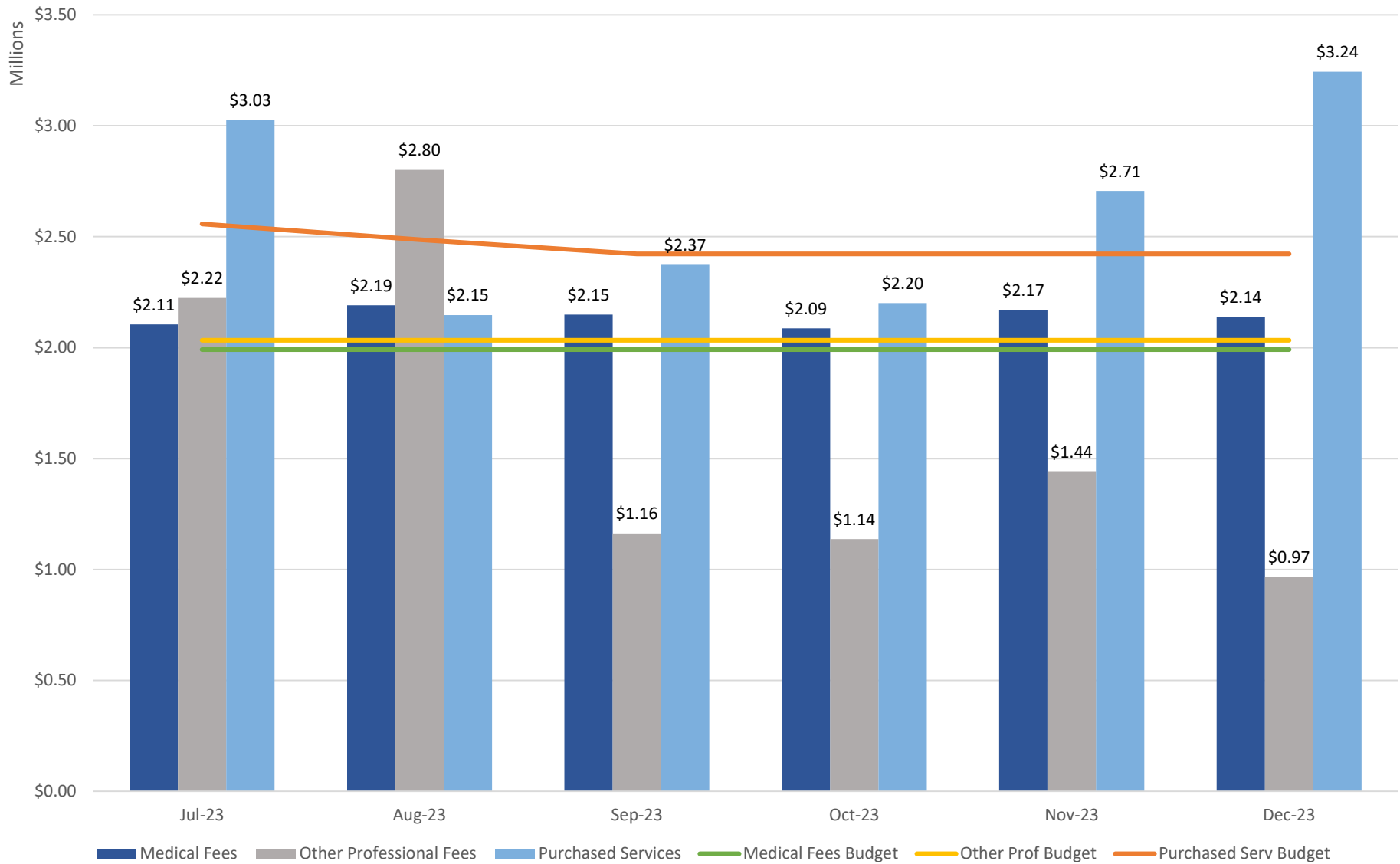
Total Revenue



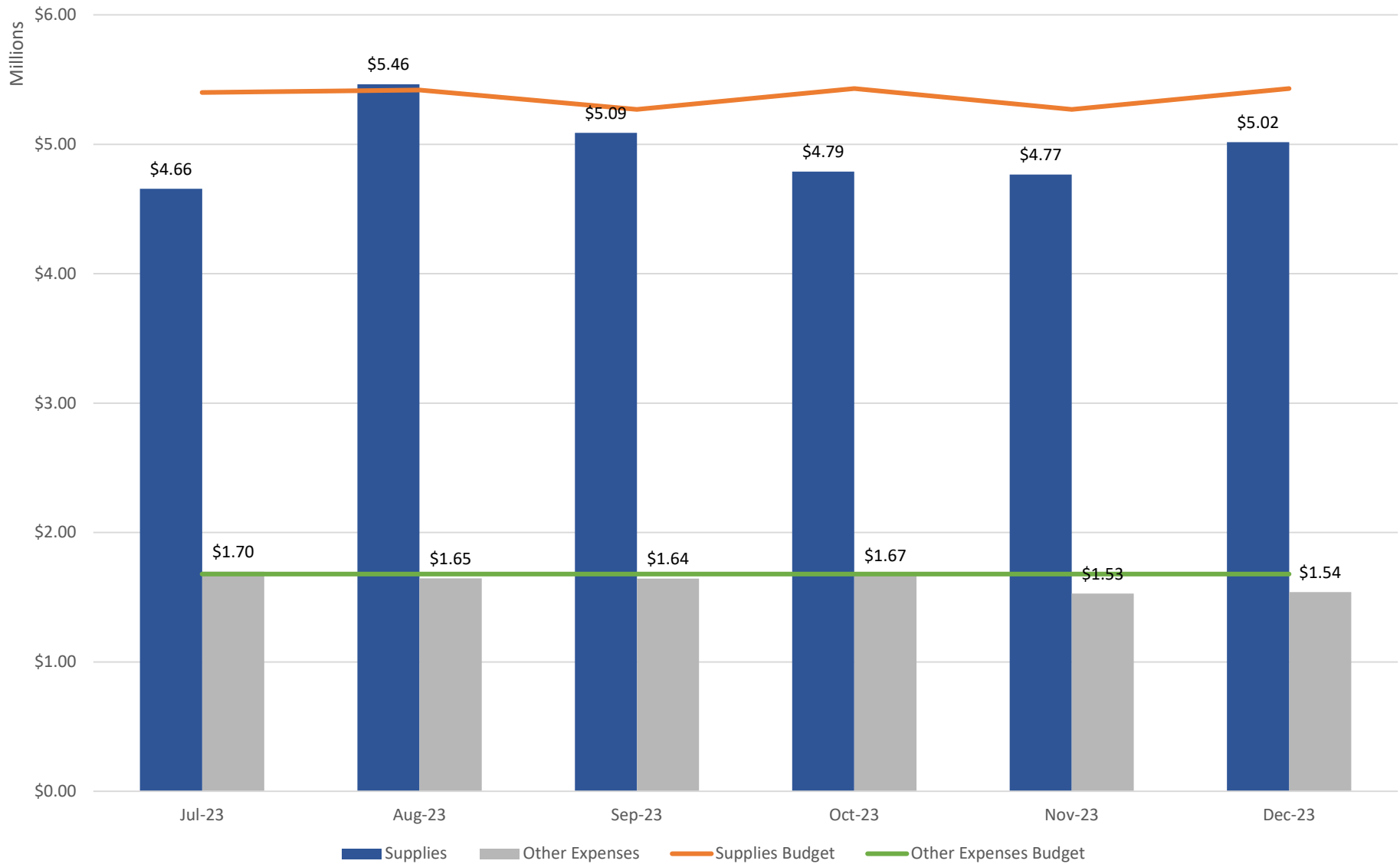
Expenses



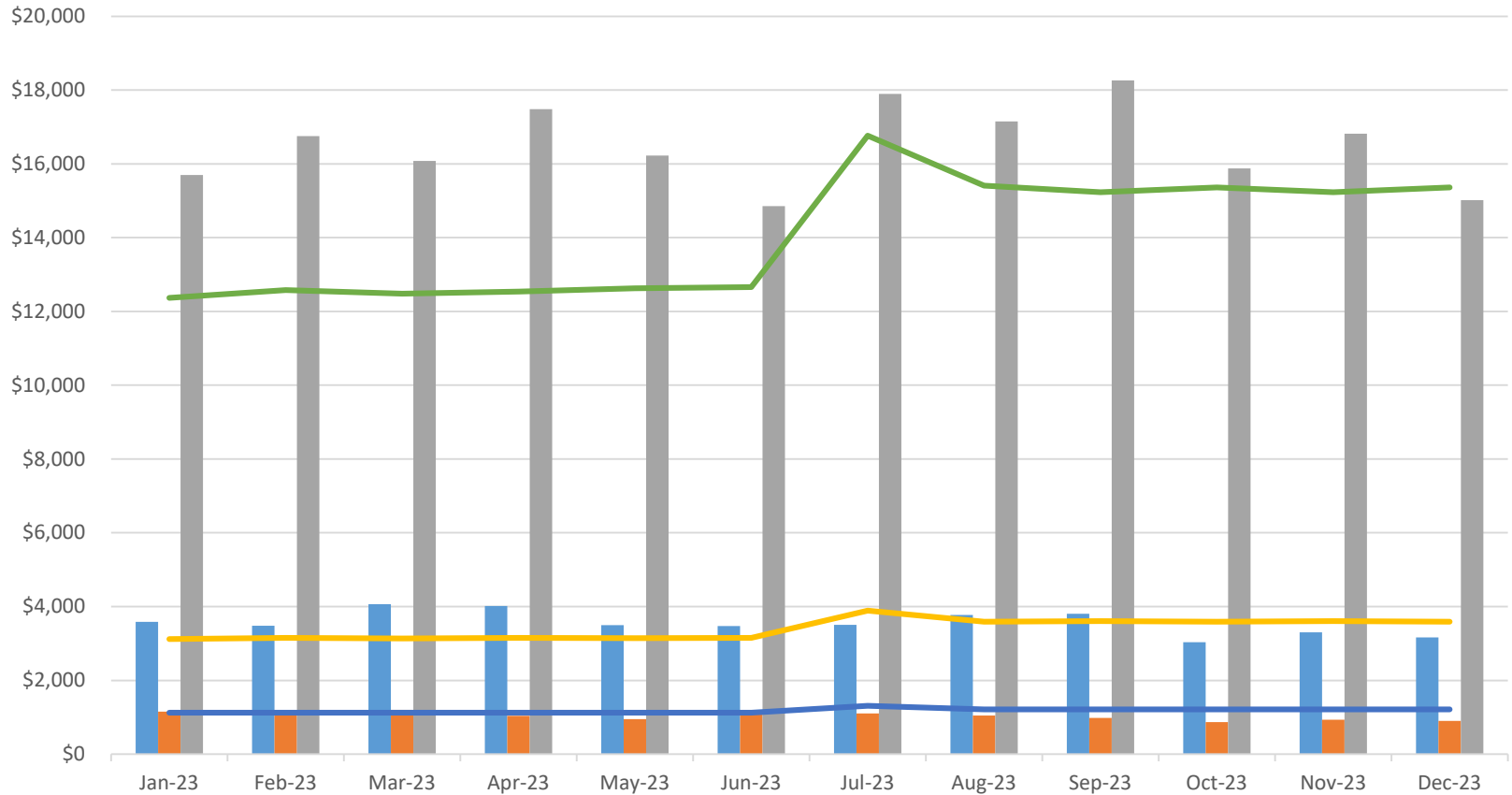
Expenses



Expenses

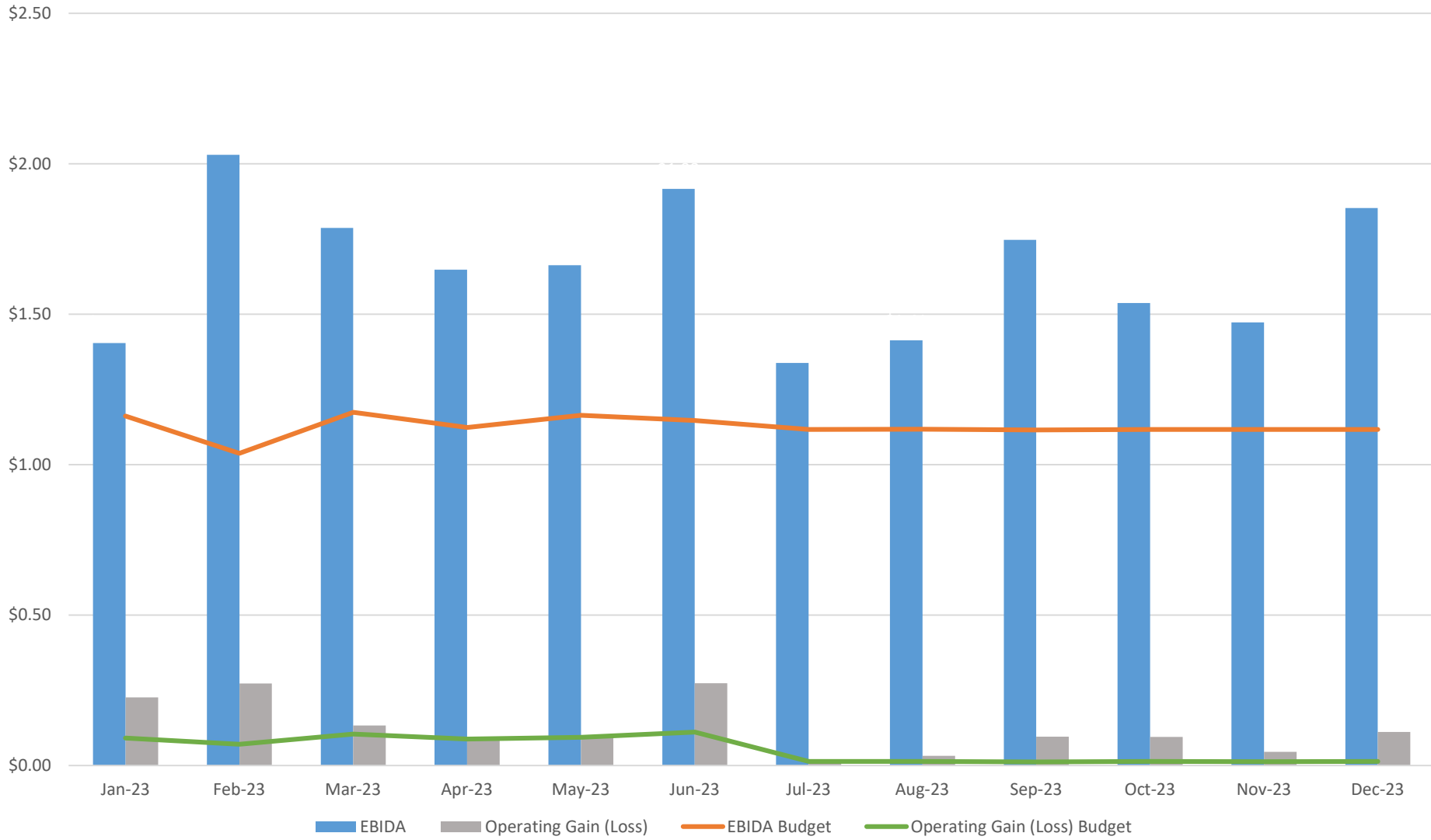


Operating Metrics

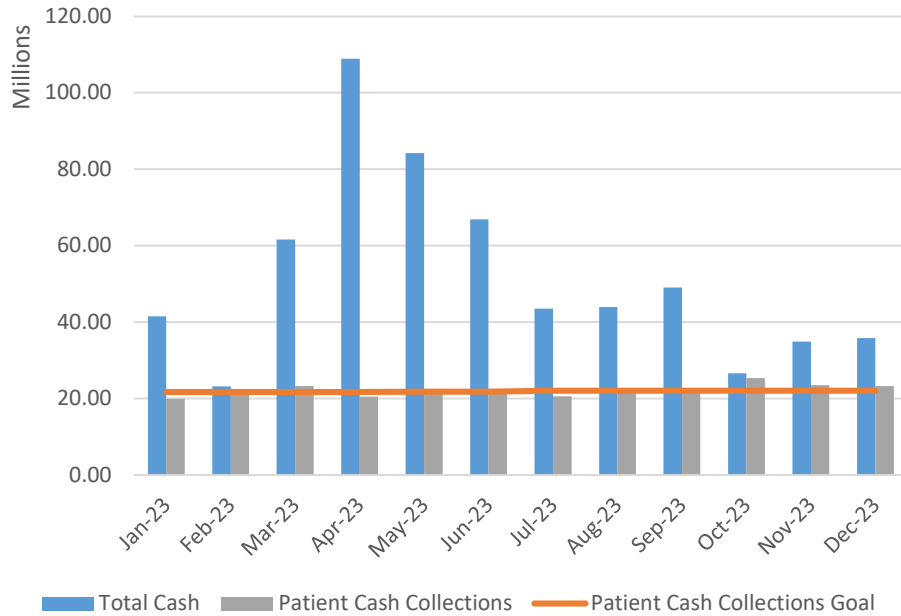


	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Supply Expense per AA	\$3,588	\$3,480	\$4,065	\$4,016	\$3,497	\$3,473	\$3,502	\$3,775	\$3,809	\$3,038	\$3,303	\$3,161
Pharm Cost per AA	\$1,153	\$1,094	\$1,199	\$1,037	\$948	\$1,115	\$1,104	\$1,047	\$978	\$866	\$932	\$904
Net Revenue Per AA	\$15,694	\$16,749	\$16,078	\$17,486	\$16,224	\$14,857	\$17,893	\$17,150	\$18,258	\$15,875	\$16,817	\$15,020
Budget Supp/AA	\$3,122	\$3,156	\$3,133	\$3,151	\$3,145	\$3,153	\$3,891	\$3,590	\$3,606	\$3,589	\$3,606	\$3,589
Budget Pharm/AA	\$1,126	\$1,127	\$1,128	\$1,127	\$1,126	\$1,127	\$1,310	\$1,210	\$1,210	\$1,210	\$1,210	\$1,210
Budget Net Rev/AA	\$12,368	\$12,579	\$12,483	\$12,539	\$12,624	\$12,661	\$16,765	\$15,413	\$15,234	\$15,361	\$15,235	\$15,361

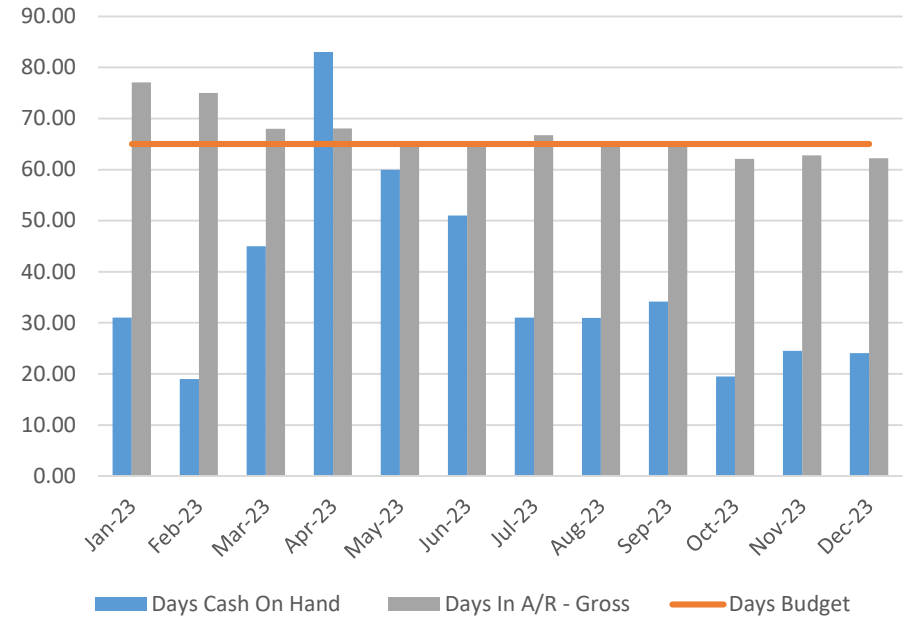
EBIDA Rolling Year



Cash Rolling Year



AR Days Rolling Year



KERN MEDICAL
3-Month Trend Analysis: Revenue & Expense
December 31, 2023

	OCTOBER	NOVEMBER	DECEMBER	BUDGET DECEMBER	VARIANCE POS (NEG)	PY DECEMBER
Gross Patient Revenue	\$ 105,907,704	\$ 99,023,739	\$ 100,659,341	\$ 98,689,428	2%	\$ 92,763,154
Contractual Deductions	(80,881,082)	(74,751,062)	(76,820,725)	(75,446,995)	2%	(74,088,287)
Net Revenue	25,026,623	24,272,676	23,838,615	23,242,433	3%	18,674,867
Indigent Funding	14,175,409	14,019,352	17,837,788	14,338,567	24%	12,166,415
Correctional Medicine	2,608,481	3,804,646	2,847,714	2,651,620	7%	2,608,400
County Contribution	285,211	285,211	285,211	282,447	1%	285,211
Incentive Funding	0	0	0	425,000	(100%)	0
Net Patient Revenue	42,095,724	42,381,885	44,809,328	40,940,067	9%	33,734,893
Other Operating Revenue	1,779,247	1,888,593	1,682,211	2,428,863	(31%)	7,267,224
Other Non-Operating Revenue	13,500	7,777	12,619	13,060	(3%)	11,635
Total Revenue	43,888,470	44,278,255	46,504,158	43,381,991	7%	41,013,752
Expenses						
Salaries	20,133,061	19,805,186	20,757,137	18,178,597	14%	17,889,327
Employee Benefits	8,105,568	8,053,115	8,371,474	7,625,954	10%	5,583,783
Registry	2,233,409	2,336,346	2,617,740	2,903,463	(10%)	2,602,860
Medical Fees	2,086,701	2,169,703	2,137,776	1,991,696	7%	2,296,002
Other Professional Fees	1,136,886	1,440,036	967,283	2,033,569	(52%)	2,097,587
Supplies	4,788,661	4,766,742	5,017,216	5,430,887	(8%)	4,782,133
Purchased Services	2,200,599	2,705,734	3,243,412	2,422,027	34%	2,237,631
Other Expenses	1,666,668	1,528,513	1,539,075	1,678,508	(8%)	2,481,774
Operating Expenses	42,351,552	42,805,374	44,651,113	42,264,702	5.6%	39,971,097
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 1,536,918	\$ 1,472,881	\$ 1,853,045	\$ 1,117,289	66%	\$ 1,042,655
EBIDA Margin	4%	3%	4%	3%	55%	3%
Interest	230,779	229,888	224,182	117,423	91%	307,321
Depreciation	646,291	632,626	885,041	699,368	27%	826,755
Amortization	564,436	564,448	631,692	286,579	120%	766,713
Total Expenses	43,793,059	44,232,335	46,392,028	43,368,071	7%	41,871,887
Operating Gain (Loss)	\$ 95,412	\$ 45,920	\$ 112,130	\$ 13,920	706%	\$ (858,134)
Operating Margin	0.22%	0.10%	0.24%	0.03%	651.5%	(2.1%)

KERN MEDICAL
Year to Date Analysis: Revenue & Expense
December 31, 2023

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Gross Patient Revenue	\$ 624,622,994	\$ 585,153,717	7%	\$ 577,306,130	8%
Contractual Deductions	(478,487,003)	(447,605,573)	7%	(444,572,741)	8%
Net Revenue	146,135,992	137,548,143	6%	132,733,389	
Indigent Funding	93,874,799	86,031,403	9.1%	82,885,876	13%
Correctional Medicine	17,086,282	15,909,719	7%	15,365,211	11%
County Contribution	1,711,265	1,694,683	1%	1,711,265	0%
Incentive Funding	0	2,550,000	(100%)	0	0%
Net Patient Revenue	258,808,338	243,733,948	6%	232,695,742	11%
Other Operating Revenue	10,716,067	14,573,180	(26%)	17,867,718	(40%)
Other Non-Operating Revenue	135,041	78,360	72%	73,962	83%
Total Revenue	269,659,446	258,385,488	4%	250,637,421	8%
Expenses					
Salaries	118,519,824	108,005,052	9.7%	103,093,340	15%
Employee Benefits	49,312,323	45,308,120	8.8%	40,976,193	20%
Registry	14,697,698	17,196,024	(15%)	18,401,445	(20%)
Medical Fees	12,839,208	11,950,175	7%	12,187,861	5%
Other Professional Fees	9,731,081	12,201,413	(20%)	12,232,513	(20%)
Supplies	29,780,170	32,220,123	(8%)	30,044,880	(1%)
Purchased Services	15,695,911	14,731,719	7%	14,487,545	8%
Other Expenses	9,722,246	10,071,046	(3%)	11,217,129	(13%)
Operating Expenses	260,298,461	251,683,672	3%	242,640,906	7%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 9,360,984	\$ 6,701,816	40%	\$ 7,996,515	17%
EBIDA Margin	3%	3%	34%	3%	9%
Interest	1,365,826	704,538	94%	867,928	57%
Depreciation	4,248,655	4,196,206	1%	4,366,312	(3%)
Amortization	3,344,394	1,719,474	95%	2,223,676	50%
Total Expenses	269,257,336	258,303,891	4%	250,098,823	8%
Operating Gain (Loss)	\$ 402,110	\$ 81,598	393%	\$ 538,599	(25%)
Operating Margin	0.1%	0.0%	372.2%	0.2%	(31%)

**KERN MEDICAL
BALANCE SHEET**

	DECEMBER 2023	DECEMBER 2022
ASSETS:		
<i>Total Cash</i>	\$ 35,833,364	\$ 31,042,346
Patient Receivables Subtotal	240,778,367	259,638,204
Contractual Subtotal	(185,002,966)	(207,224,708)
<i>Net Patient Receivable</i>	55,775,401	52,413,496
Total Indigent Receivable	233,918,312	241,771,372
Total Other Receivable	9,600,362	8,770,527
Total Prepaid Expenses	5,491,811	5,434,178
Total Inventory	5,588,488	5,133,404
<i>Total Current Assets</i>	346,207,737	344,565,323
Deferred Outflows of Resources	112,536,013	112,536,013
Total Land, Equipment, Buildings and Intangibles	262,112,313	237,166,044
Total Construction in Progress	11,198,456	5,836,764
<i>Total Property, Plant & Equipment</i>	273,310,769	243,002,808
Total Accumulated Depr & Amortization	(162,043,025)	(146,422,192)
<i>Net Property, Plant, and Equipment</i>	111,267,744	96,580,616
<i>Total Long Term Assets</i>	112,536,013	112,536,013
<i>Total Assets</i>	\$ 570,011,494	\$ 553,681,952

**KERN MEDICAL
BALANCE SHEET**

	DECEMBER 2023	DECEMBER 2022
LIABILITIES & EQUITY:		
Total Accounts Payable	\$ 7,185,618	\$ 23,589,707
Total Accrued Compensation	32,696,556	20,900,442
Total Due Government Agencies	3,108,657	5,003,466
Total Other Accrued Liabilities	32,380,583	22,075,320
<i>Total Current Liabilities</i>	75,371,414	71,568,934
Unfunded Pension Liability	345,399,109	345,399,109
Other Long-Term Liabilities	82,174,953	71,145,908
<i>Total Long-Term Liabilities</i>	427,574,062	416,545,017
<i>Total Liabilities</i>	502,945,476	488,113,951
Fund Balance	36,714,022	36,714,022
Retained Earnings	30,351,996	28,853,979
<i>Total Fund Balance</i>	67,066,017	65,568,001
<i>Total Liabilities and Fund Balance</i>	\$ 570,011,494	\$ 553,681,952



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

February 21, 2024

Subject: Kern County Hospital Authority Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

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



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

February 21, 2024

Subject: Monthly report on What's Happening at Kern Medical Center

Recommended Action: Receive and File

Summary:

Each month Kern Medical will be sharing a report with your Board on "What's Happening" in and around Kern Medical.

Therefore, it is recommended that your Board receive and file the attached report on What's Happening at Kern Medical.



What's Happening?

Cervical Cancer Screening

5TH ANNUAL

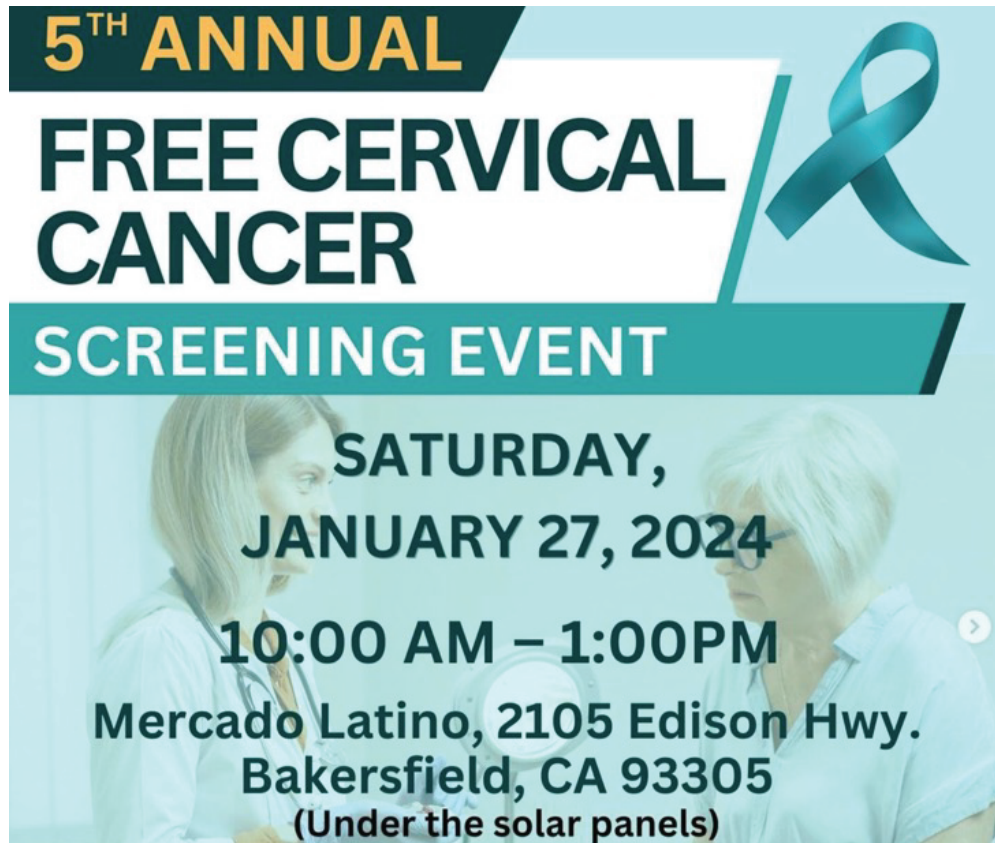
**FREE CERVICAL
CANCER**

SCREENING EVENT

**SATURDAY,
JANUARY 27, 2024**

10:00 AM – 1:00PM

**Mercado Latino, 2105 Edison Hwy.
Bakersfield, CA 93305**
(Under the solar panels)



Hand Hygiene Raffle Winner

CONGRATULATIONS TO OUR

**Hand Hygiene Hero
Raffle Winner**



Jennifer Ferguson
Labor and Delivery

Teaching Kitchen



Teaching
KITCHEN
LEARN • COOK • ENJOY



Embrace the Flavors

This teaching kitchen is an engaging platform where you can explore food, culinary, and nutrition literacy. It can impact food choices and experiences.

It will take place on January 24, 2024 at 11:30 AM
in the café's dinning room.

Executive Chef Alyssa will demonstrate on
how to prep and cook a

**Steak & Tabbouleh
Salad**

Scrub Social



Join us for a special nursing mixer event, designed to enrich your professional journey. Engage with respected guest speakers, enjoy a selection of fine appetizers and handcrafted drinks, and participate in an exclusive raffle. This is an ideal opportunity to enhance your expertise and connect with peers in a relaxed, yet inspiring setting.

Feb 15th
6:00pm
CHARIZMA STUDIO
910 18th St, Bakersfield, CA 93301

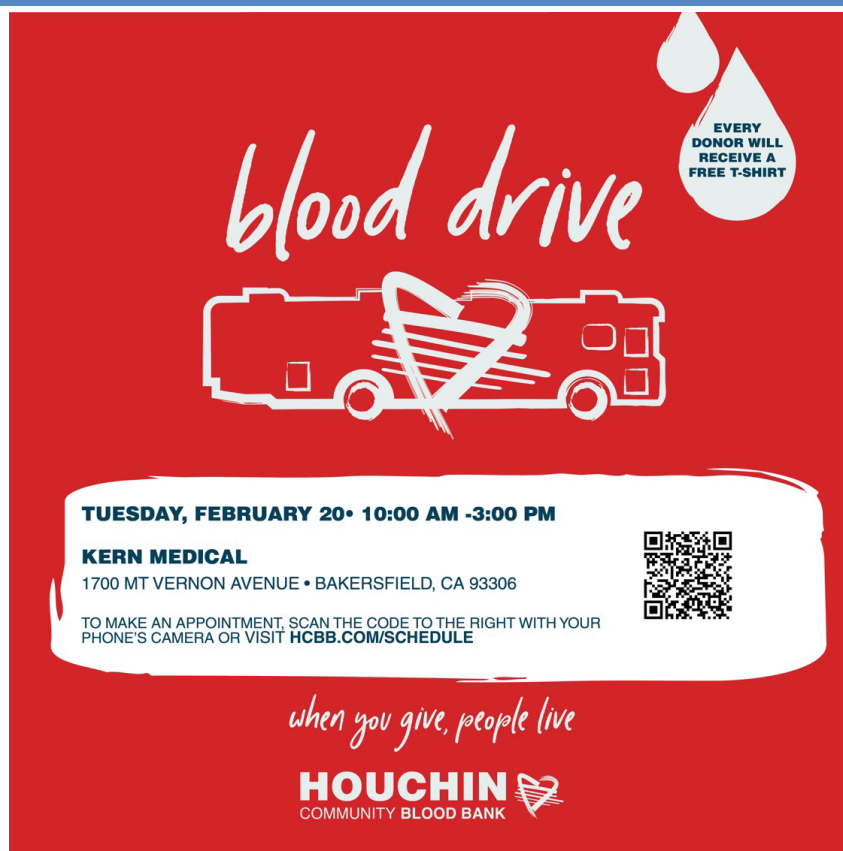
Keynote Speaker



Traco Matthews
Chief Health Equity Officer
Kern Health Systems

Our sponsors have handpicked a lineup of amazing raffle prizes, One lucky winner will snag a brand new, 55" TV!

Upcoming Blood Drive



A red poster for a blood drive. At the top, the words "blood drive" are written in a white, cursive font. Below this is a white line-art illustration of a blood donor van with a heart shape on its side. In the top right corner, a white teardrop shape contains the text "EVERY DONOR WILL RECEIVE A FREE T-SHIRT". A white rounded rectangle in the center contains the following text: "TUESDAY, FEBRUARY 20• 10:00 AM -3:00 PM", "KERN MEDICAL", "1700 MT VERNON AVENUE • BAKERSFIELD, CA 93306", and "TO MAKE AN APPOINTMENT, SCAN THE CODE TO THE RIGHT WITH YOUR PHONE'S CAMERA OR VISIT [HCBB.COM/SCHEDULE](https://www.hcbb.com/schedule)". To the right of this text is a QR code. At the bottom, the text "when you give, people live" is written in a cursive font, followed by the "HOUCHIN COMMUNITY BLOOD BANK" logo.

blood drive

EVERY DONOR WILL RECEIVE A FREE T-SHIRT

TUESDAY, FEBRUARY 20• 10:00 AM -3:00 PM

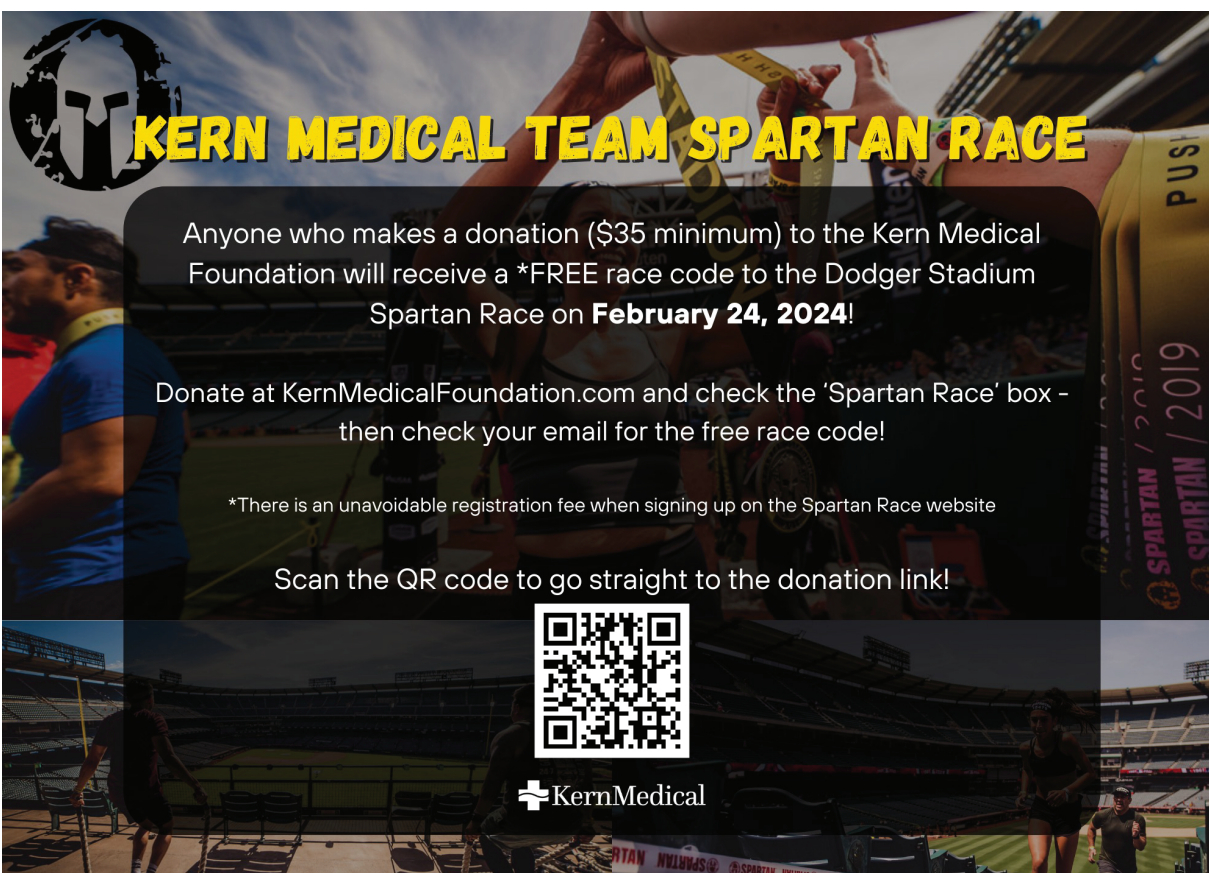
KERN MEDICAL
1700 MT VERNON AVENUE • BAKERSFIELD, CA 93306

TO MAKE AN APPOINTMENT, SCAN THE CODE TO THE RIGHT WITH YOUR PHONE'S CAMERA OR VISIT [HCBB.COM/SCHEDULE](https://www.hcbb.com/schedule)

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COMMUNITY BLOOD BANK

Spartan Race



A poster for the Spartan Race. The background is a collage of images showing runners at a stadium. At the top left is a Spartan helmet logo. The title "KERN MEDICAL TEAM SPARTAN RACE" is in large, bold, yellow letters. Below the title, white text on a dark background reads: "Anyone who makes a donation (\$35 minimum) to the Kern Medical Foundation will receive a *FREE race code to the Dodger Stadium Spartan Race on **February 24, 2024!**". Below this, more white text says: "Donate at [KernMedicalFoundation.com](https://www.KernMedicalFoundation.com) and check the 'Spartan Race' box - then check your email for the free race code!". A small asterisk note follows: "*There is an unavoidable registration fee when signing up on the Spartan Race website". Below the text is a QR code. At the bottom center is the "KernMedical" logo, which consists of a white cross icon and the text "KernMedical".


KERN MEDICAL TEAM SPARTAN RACE


Anyone who makes a donation (\$35 minimum) to the Kern Medical Foundation will receive a *FREE race code to the Dodger Stadium Spartan Race on **February 24, 2024!**

Donate at [KernMedicalFoundation.com](https://www.KernMedicalFoundation.com) and check the 'Spartan Race' box - then check your email for the free race code!

*There is an unavoidable registration fee when signing up on the Spartan Race website

Scan the QR code to go straight to the donation link!





News Interviews

Dr. Amin Ramzan, Gynecologic Oncology



Tony Mestaz, Manager IT Imaging Services
(Has Participated in over 100 Spartan Races)



News Interviews

Dr. Sarah Gonzalez, Director of Addiction Medicine



Dr. Aslan Foroush, Chief of Cardiology



News Interviews

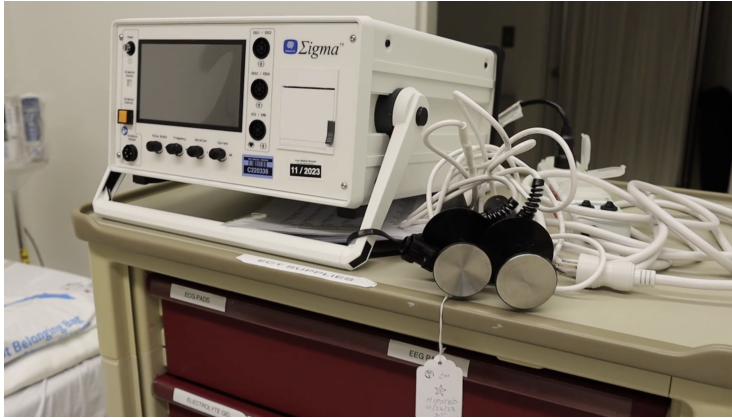
Josh Torres, Talent Acquisition Manager



Shahzad Chaudhry, Behavioral Health Integration Program Manager



DID YOU KNOW? ECT SERVICES



What is Electroconvulsive Therapy?

Kern Medical is the only hospital within a 100 mile radius to offer ECT services.

Electroconvulsive Therapy is a safe and effective medical treatment for certain psychiatric disorders. It is considered a form of brain neuromodulation. The treatment involves delivery of a small amount of electrical energy to your brain to induce a short seizure. Most people, on average, receive between 6 to 12 treatments for their illness to improve. While ECT will be helpful for many patients, ECT is not a panacea or cure. A response to ECT is never guaranteed.

What indications or diagnoses might benefit from ECT?

- ➔ Major Depression including acute depression, moderate to severe depression, treatment-resistant depression, suicidal depression, and psychotic depression
- ➔ Bipolar Depression
- ➔ Bipolar Mania
- ➔ Schizophrenia
- ➔ Schizoaffective Disorder
- ➔ Other illnesses may also benefit

National Recognitions - January

- Cervical Health Awareness Month
- National Blood Donor Month
- National Glaucoma Awareness Month

National Recognitions - February

- American Heart Month
- Patient Recognition Week (Feb. 1-7)
- National Wear Red Day (Feb. 3)
- World Cancer Day (Feb. 4)
- Cardiovascular Professionals Week (Feb. 11-17)



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Office for Civil Rights

Headquarters • Humphrey Building
200 Independence Ave., S.W. • Washington, D.C. 20201
Voice: (800) 368-1019 • TDD: (800) 537-7697
Fax: (202) 619-3818 • www.hhs.gov/ocr

RECEIVED

December 15, 2023

JAN 05 2024

Kern Medical
Administration Office

Attn: Privacy Officer
Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield CA, 93306

Re: OCR Transaction Number: CU-24-556494
Casteel, George vs. Kern Medical Center

Dear Privacy Officer:

On December 14, 2023, the U.S. Department of Health and Human Services (HHS), Office for Civil Rights (OCR), received a complaint alleging that Kern Medical Center, the covered entity, has violated the Federal Standards for Privacy of Individually Identifiable Health Information and/or the Security Standards for the Protection of Electronic Protected Health Information (45 C.F.R. Parts 160 and 164, Subparts A, C, and E, the Privacy and Security Rules). Specifically, George Casteel alleges that on December 14, 2023, Kern Medical Center refused to provide Mr. Casteel with electronic access to his medical records. This allegation could reflect a violation of 45 C.F.R. § 164.524.

OCR enforces federal civil rights laws which prohibit discrimination in the delivery of health and human services based on race, color, national origin, disability, age, sex, religion, and the exercise of conscience, and also enforces the Health Insurance Portability and Accountability Act (HIPAA) Privacy, Security and Breach Notification Rules.

The Privacy Rule provides that an individual or an individual's personal representative (generally, a person with authority under State law to make health care decisions for the individual) has the right to access the individual's protected health information (PHI), maintained by a covered entity in a designated record set, for as long as the PHI is maintained in the designated record set (e.g., medical or billing records). 45 C.F.R. §§ 164.502(g) and 164.524 (a)(1). A covered entity must act on the request for access no later than 30 days after receipt of such a request, or provide the individual a written statement within 30 days explaining the reason for the delay and the date by which the covered entity will complete its action on the request, which may be no more than 60 days after the receipt of the original request. 45 C.F.R. § 164.524(b)(2).

An individual also has a right to direct the covered entity to transmit PHI about the individual in an electronic health record (EHR) directly to another designated person or entity in an electronic format. An EHR is an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.¹ The reasonable, cost-based fee limitation that applies to the individual's right to obtain a copy of PHI does not apply to an individual's request to transmit PHI about

¹ See Health Information Technology for Economic and Clinical Health Act (HITECH), Pub. L. 111-5, 123 Stat. 226, 259, section 13400 (5) (definition of "electronic health record"), (Feb. 17, 2009), codified at 42 U.S.C. 17921.

the individual in an EHR directly to another designated person or entity in an electronic format.²

Individuals' rights under the HIPAA Privacy Rule to access PHI about themselves extends to PHI in a designated record set maintained by a business associate on behalf of a covered entity. Thus, if an individual submits a request for access to PHI, the covered entity is responsible for providing the individual with access not only to the PHI it holds but also to the PHI held by one or more of its business associates. However, if the same PHI that is the subject of an access request is maintained in both the designated record set of the covered entity and the designated record set of the business associate, the PHI need only be produced once in response to the request for access. See 45 C.F.R. § 164.524(c)(1).

With respect to PHI in a designated record set maintained by a business associate, the business associate agreement between the covered entity and the business associate will govern whether the business associate will provide access directly to the individual or will provide the PHI that is the subject of the individual's access request to the covered entity for the covered entity to then provide access to the individual. However, regardless of how and to what extent a business associate supports or fulfills a covered entity's obligation to provide access to an individual, a request for access still must be acted upon within 30 days (or 60 days if an extension is applicable) of receipt of the request by either the covered entity, or by a business associate if the request was made directly to the business associate because the covered entity instructed individuals through its notice of privacy practices (or otherwise) to submit access requests directly to the business associate.

An individual's personal representative (generally, a person with authority under State law to make health care decisions for the individual) has the right both to receive a copy of PHI about the individual in the designated record set(s) maintained by a covered entity and its business associates, and to direct the covered entity, or its business associate if the covered entity instructed individuals through its notice of privacy practices (or otherwise) to submit access requests directly to the business associate, to transmit a copy of the PHI to another person or entity, upon request, consistent with the scope of such representation and the requirements of 45 C.F.R. § 164.524. See 45 C.F.R. § 164.502(g). The same requirements for fulfilling an individual's request (e.g., with respect to timeliness, form and format, bases for denial, fee limitations, etc.) also apply to requests made by an individual's personal representative.

The Privacy Rule permits a covered entity to impose a reasonable, cost-based fee to provide the individual or the individual's personal representative with a copy of the individual's PHI (or an agreed to summary or explanation of the PHI). The fee may include only the cost of: (1) labor for copying the PHI requested by the individual, whether in paper or electronic form; (2) supplies for creating the paper copy or electronic media (e.g., CD or USB drive) if the individual requests that the electronic copy be provided on portable media; (3) labor to prepare an explanation or summary of the PHI, if the individual both chooses to receive an explanation or summary and agrees to the fee that may be charged, and (4) postage, when the individual requests that the copy, or the summary or explanation, be mailed. See 45 C.F.R. § 164.524(c)(4). The fee may not include costs associated with verification; documentation; searching for and retrieving the PHI; maintaining systems; recouping capital for data access, storage, or infrastructure; or other costs not listed above even if such costs are authorized by State law. Some methods that may be used to calculate this fee are actual

² Ciox Health v. Azar, et al, No. 18-cv-00040 (D.D.C. January 23, 2020).

costs, average costs, and a flat fee for electronic copies of PHI maintained electronically provided the fee does not exceed \$6.50, inclusive of all labor, supplies, and any applicable postage. Furthermore, while the Privacy Rule permits the limited fee described above, covered entities are encouraged to provide individuals who request access to their information with copies of their PHI free of charge, especially where the financial situation of an individual requesting access would make it difficult or impossible for the individual to afford the fee.

Finally, a covered entity may not withhold or deny an individual access to his PHI on the grounds that the individual has not paid the bill for health care services which the covered entity provided to the individual.

Pursuant to its authority under 45 C.F.R. §§ 160.304(a) and (b), OCR has determined to resolve this matter informally through the provision of technical assistance to Kern Medical Center.

You are encouraged to review these materials closely and to share them with your staff as part of the Health Insurance Portability and Accountability Act (HIPAA) training you provide to your workforce. You are also encouraged to assess and determine whether there may have been any noncompliance as alleged by the complainant in this matter, and, if so, to take the steps necessary to ensure such noncompliance does not occur in the future. In addition, OCR encourages you to review the facts of this individual request for access and provide the requested access swiftly if the request meets the requirements of the Privacy Rule.

Should OCR receive a similar allegation of noncompliance against Kern Medical Center in the future, OCR may initiate a formal investigation of that matter. In addition, please note that, after a period of six months has passed, OCR may initiate and conduct a compliance review of Kern Medical Center related to Kern Medical Center's compliance with the Access provisions of the Privacy Rule.

Based on the foregoing, OCR is closing this case without further action, effective the date of this letter. OCR's determination as stated in this letter applies only to the allegations in this complaint that were reviewed by OCR.

If you have any questions regarding this matter, please contact Rene Cajina, Analyst, at (202) 774-2396 (Voice) or (202) 619-3257 (TDD).

Sincerely,



Maqueda M. Fuller
Supervisor, Centralized Case Management
Operations (CCMO)

Enclosure: Individual's Right to Access Medical Records

INDIVIDUAL'S RIGHT TO ACCESS MEDICAL RECORDS

The Privacy Rule provides that an individual has a right of access to inspect and obtain a copy of protected health information (PHI) about the individual in a designated record set, for as long as the PHI is maintained in the designated record set. 45 C.F.R. § 164.524 (a)(1).

The covered entity must permit the individual such access, and the covered entity may require the individual to make the request for such access in writing, provided the covered entity informs the individual of such a requirement. 45 C.F.R. § 164.524 (b)(1).

Generally, the covered entity must act on the individual's request for access no later than 30 days after receipt of the request. 45 C.F.R. § 164.524 (b)(2)(i).

When an individual requests copies of his/her PHI, the Privacy Rule permits a covered entity to impose a reasonable cost-based fee for those copies, provided the fee includes only the cost of: 1) copying, including the cost of supplies for and labor of copying, the PHI requested by the individual; and 2) postage, when the individual has requested the copy be mailed. 45 C.F.R. § 164.524 (c)(4).

Pursuant to 45 C.F.R. § 164.502 (g)(1), a covered entity must treat an individual's personal representative as the individual for purposes of the Privacy Rule. That is, an individual's personal representative has a right of access to inspect and obtain a copy of the individual's PHI in a designated record set, for as long as the PHI is maintained in the designated record set.

- For adults or emancipated minors, a personal representative is a person who has the authority to make decisions related to health care for the adult or emancipated minor. 45 C.F.R. § 164.502 (g)(2).
- For unemancipated minors, a personal representative is a parent, guardian, or other person acting *in loco parentis* who has the authority to make decisions related to health care for the unemancipated minor. 45 C.F.R. § 164.502 (g)(3).
- For deceased individuals, a personal representative is an executor, administrator, or other person who has the authority to act on behalf of the deceased individual or the deceased individual's estate. 45 C.F.R. § 164.502 (g)(4).

Covered entities may not deny access based on an individual's failure to pay a bill and covered entities may not require the payment of a bill as a condition for providing access.

English	If you speak a non-English language, call 1-800-368-1019 (TTY: 1-800-537-7697), and you will be connected to an interpreter who will assist you with this document at no cost.
Español - Spanish	Si usted habla español marque 1-800-368-1019 (o a la línea de teléfono por texto TTY 1-800-537-7697) y su llamada será conectada con un intérprete que le asistirá con este documento sin costo alguno.
中文 - Chinese	如果你讲中文，请拨打1-800-368-1019（打字电话：1-800-537-7697），你将被连接到一位讲同语种的翻译员为你提供免费服务。
Tiếng Việt - Vietnamese	Nếu bạn nói tiếng Việt, xin gọi 1-800-368-1019 (TTY: 1-800-537-7697), và bạn sẽ được kết nối với một thông dịch viên, người này sẽ hỗ trợ bạn với tài liệu này miễn phí.
한국어 - Korean	한국어를 하시면 1-800-368-1019 (청각 장애용: 1-800-537-7697) 로 연락주세요. 통역관과 연결해서 당신의 서류를 무료로 도와 드리겠습니다.
Tagalog (Filipino)	Kung ikaw ay nagsasalita nang Tagalog, tumawag sa 1-800-368-1019 (TTY: 1-800-537-7697) para makonek sa tagapagsalin na tutulong sa iyo sa dokumentong ito na walang bayad.
Русский - Russian	Если вы говорите по- русски, наберите 1-800-368-1019. Для клиентов с ограниченными слуховыми и речевыми возможностями: 1-800-537-7697), и вас соединят с русскоговорящим переводчиком, который вам поможет с этим документом безвозмездно.

**DEPARTMENT OF
HEALTH & HUMAN SERVICES**

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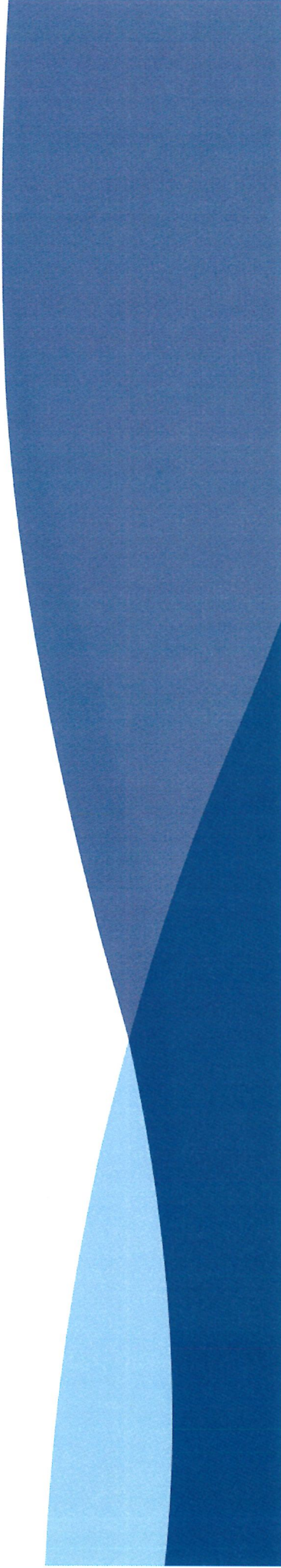
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Kern Medical Laboratory– Addressing Workforce Challenges for CLA

**Proposal for CLA Clinical Laboratory Assistant Salary Increase
and Job Classification Enhancement to CLA 3**



Objective:

- Address challenges in retaining and hiring qualified Clinical Lab Assistant (CLA) by proposing a competitive salary increase

Introduction:

- Recognition of CLA Clinical Laboratory Assistants' essential role in our laboratory.
- Overview of the proposal: Introducing a new job classification (CLA 3) to align with their advanced skills and expertise.



Current Responsibilities

- **Proficiency in**
 - **Quality Control (QC) (Not every CLA is trained)**
 - Perform routine quality control checks on laboratory equipment and instruments.
 - Document and report any shifts or trends from established quality standards.
 - Collaborate with the department supervisor or CLS to ensure compliance with regulatory requirements.
 - **Instrument maintenance and troubleshooting (Not every CLA is trained)**
 - Conduct regular maintenance on laboratory instruments to ensure optimal functionality.
 - Troubleshoot technical issues with equipment and implement corrective actions, and call FSE as needed
 - **Calibration**
 - Perform instrument calibration according as scheduled.
 - Document calibration processes and verification results
 - Implement adjustments as needed to maintain instrument accuracy.

Current Responsibilities (continued)

- **Validation:**
 - Perform validation correlation testing procedures to assess the performance and accuracy of laboratory methods.
 - Analyze and interpret validation data, making recommendations for improvements.
- Assisting in chemistry, hematology and microbiology areas of the laboratory as well as waived or moderate complexity testing (as classified by the clinical laboratory improvement amendment-CLIA)
- **Other specialized procedures:**
 - **Bone Marrow Aspiration Assistance (not in current job description)**
 - Prepare and set up necessary supplies for bone marrow aspiration procedures.
 - Assist the MD or Pathologist during bone marrow aspirations
 - Process and handle bone marrow samples for further analysis, following established protocols.
 - Prepare slides from bone marrow aspirate samples for pathological examination.
 - Ensure accurate labeling and documentation of slides for proper identification.
 - Collaborate with MD or pathologist to specific lab order requirements for diagnostic purposes.

Current Responsibilities (continued)

➤ Processing Send out Tests:

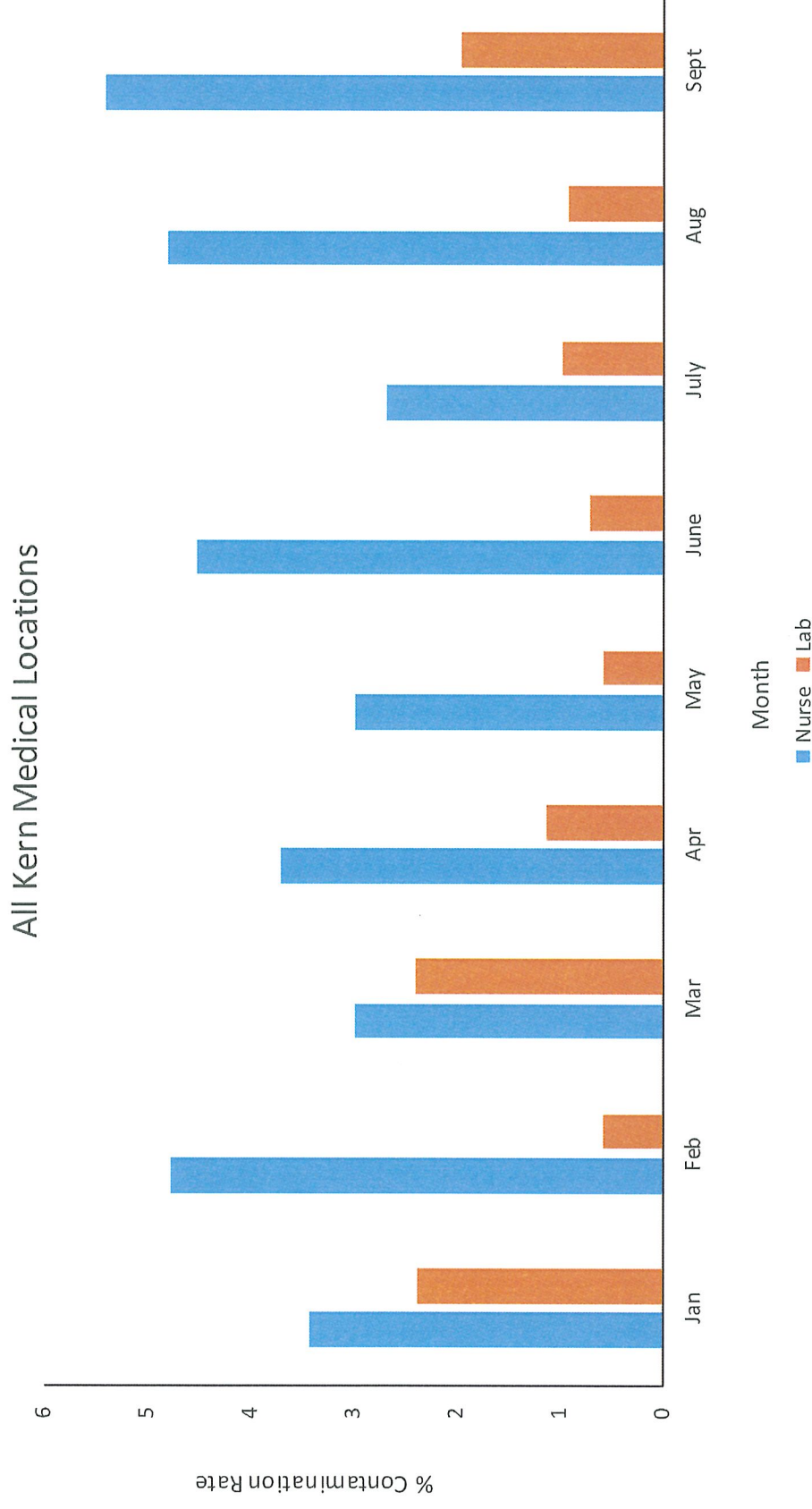
- Coordinate the process of sending out specific tests to reference laboratories.
- Ensure proper packaging, labeling, and documentation of samples for shipment.
- Track and monitor the status of send out tests, communicating with reference laboratories as needed.
- **Certified for Packaging and Shipping Division 6.2 Materials: What the Laboratorian Should Know 2016**
 - ✓ This on-line course uses a problem solving approach to provide training on infectious materials
 - ✓ (Division 6.2 Materials) as specified in the Department of Transportation (DOT) regulations
 - ✓ In order to be certified (or recertified) to ship laboratory materials CLA must complete training on the hazardous materials regulations
 - ✓ According to CAP requirements **GEN.40512** Infectious Material Packing/Shipping and **GEN.40515** Transport Personnel Training

Current Responsibilities (continued)

➤ Microbiology

- Ensures all specimens are properly labeled and meet specimen requirements. Resolves and documents labeling discrepancies according to policy. Processes and maintains records of specimens sent to reference labs. Assists in inventory supplies management including checking inventory and stocking supplies upon arrival.
- Load specimens into Hologic Panther Molecular instrument for testing and perform a daily maintenance.
- Records daily temperature for incubators and refrigerators
- Performs Microbiology primary processing including properly making slides for gram stains. Receives specimens in the lab properly and properly inoculates appropriate media.

• Blood Culture Contamination Rate



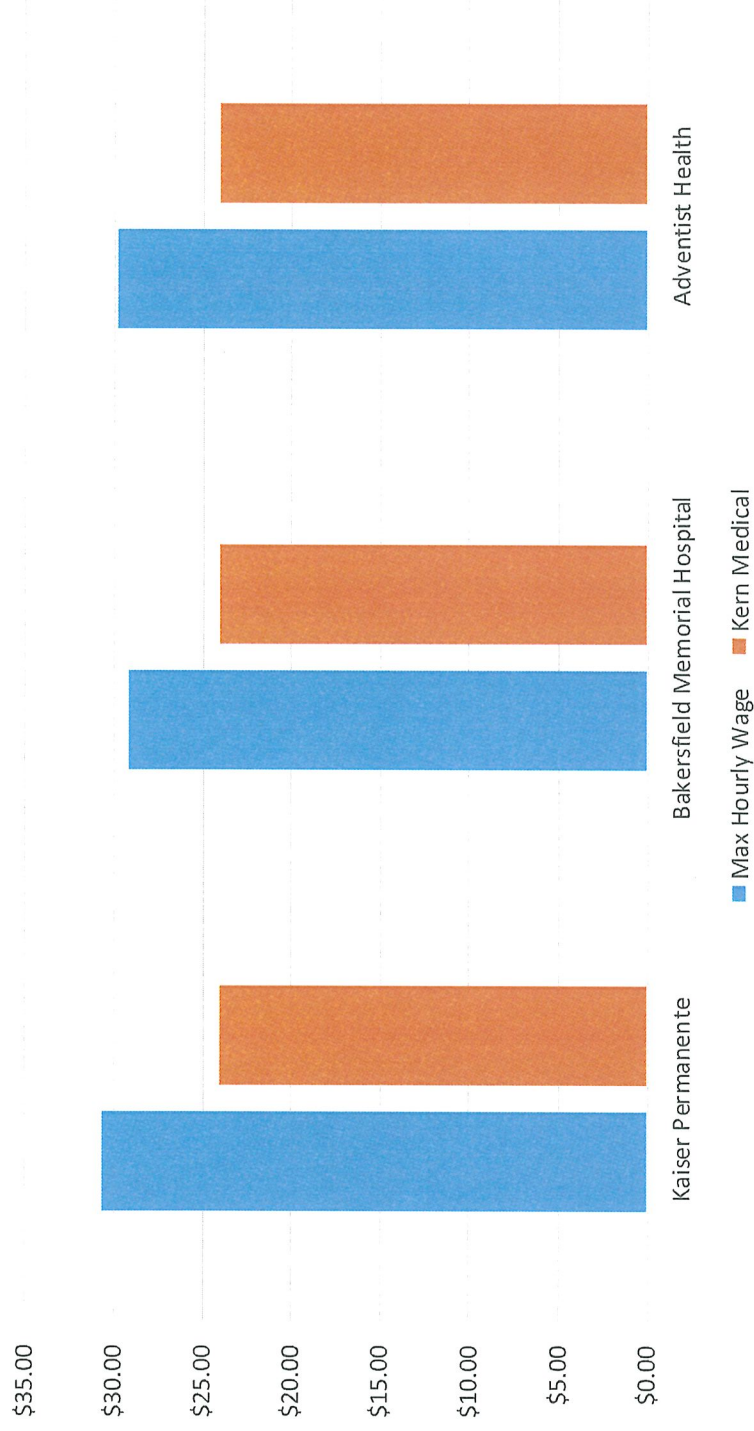
National standard is <2%

- 8-10K per admission on contaminated blood cultures.

Market Analysis

- Thorough and comprehensive analysis of CLA salary

Current CLA Salary Comparison



Retention and recruitment Challenges

- Retaining experienced, highly skilled and experienced CLA staff due to increased competition from other institutions.
- The existing CLAs are reluctant and/or resistant to take on additional responsibilities or work without an increase in pay or compensation.
- A competitive salary is crucial for attracting high skilled and qualified CLA candidates

Employee Feedback

- Share insights from employee feedbacks, emphasizing concerns related to compensation.
- Example(s) They have consistently demonstrated high level of concerns about compensation alignment with the additional workload, job duties and responsibilities.
- By adjusting compensation to match with their expertise would enhance overall job satisfaction.

Proposed Salary Adjustments

- Detailed breakdown of the proposed salary adjustments for different CLA 1-3 positions.

- Current Salary

Job Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Clin Lab Asst I	\$17.3468	\$17.8672	\$18.4032	\$18.9553	\$19.5240	\$20.1097	\$20.7130	\$21.3344
Clin Lab Asst II	\$19.5526	\$20.1392	\$20.7434	\$21.3657	\$22.0066	\$22.6668	\$23.3468	\$24.0472
Clin Lab Asst III								
Spvr Clinical Lab Asst	\$21.8201	\$22.4747	\$23.1489	\$23.8434	\$24.5587	\$25.2955	\$26.0543	\$26.8360

- New Salary Adjustment

Job Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Clin Lab Asst I	\$19.08	\$19.66	\$20.24	\$20.86	\$21.47	\$22.12	\$22.78	\$23.46
Clin Lab Asst II	\$21.55	\$22.15	\$22.81	\$23.51	\$24.21	\$24.96	\$25.69	\$26.44
Clin Lab Asst III	\$27.19	\$28.07	\$28.98	\$29.92	\$30.89	\$31.89	\$32.93	\$34.00
Spvr Clinical Lab Asst	\$30.87	\$31.79	\$32.74	\$33.70	\$34.73	\$35.77	\$36.84	\$37.94

CLA 3 Job Requirements

- Education and Work Experience:
- Level III: High School Diploma, G.E.D. or equivalent AND
- Minimum of 5 year's of experience in a clinical laboratory performing duties comparable to a Clinical Laboratory Assistant I. Licenses/Certifications
 - Demonstrate proficiency in assisting and gaining the confidence of the Clinical Laboratory Scientist to perform the designated automated instruments.
- Ability to use computers, including Microsoft office , electronic mail, internet, etc.
- Work well under supervision, independently and in times of stress
- Experience with operation of any automated chemistry, hematology or microbiology
- Certified Phlebotomy Technician (CPT-I) or (CPT-II) license: Required in CA. (4 years experience as a phlebotomist)

CLA 3 Job Responsibilities

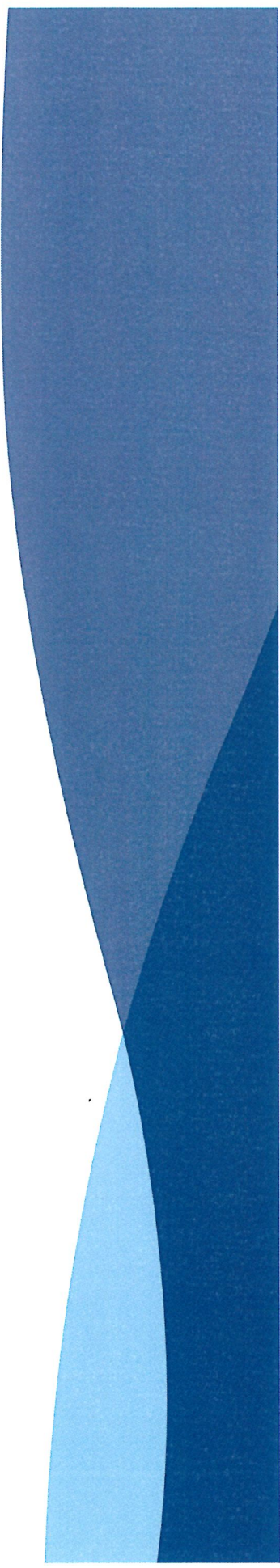
- Clinical lab assistant 3's are non-professional personnel with training in areas of the clinical laboratory useful to the overall efficiently and smooth operation of the laboratory
- These areas include phlebotomy, preparation of send out tests, answering phone calls, clerical functions, assisting in chemistry, hematology and microbiology areas of the laboratory as well as waived or moderate complexity testing (as classified by the clinical laboratory improvement amendment-CLIA)
- Workflow management: ability to appropriately respond to the fluctuations and volume, unexpected situation or problems, such as equipment or information systems, failures shift to shift, handoffs, stat test, orders, specimen integrity issues, regular review of pending logs and priority assignments etc.
- AIDS in the reporting of results in a timely and accurate manner
- Adheres to all local state, federal regulations, codes, policies, and procedures to ensure patient privacy and maintain the highest level of safety and reliability in testing
- Demonstrates sound judgment and problem-solving relevant to assign duties
- Adherence to practices and procedures, ability to follow standard practices processes, and procedures in sequence
- This person should be versatile in all aspects of the laboratory as well as a team player to assist in not only performing, but coordinating the duties and responsibilities of the laboratory assistants in order to relieve the clinical laboratory scientist the responsibilities of the phlebotomy and processing area, which include the send-outs and, microbiology set-ups
- Assists the clinical laboratory scientist by performing pre-analytic, analytic and post-analytic procedures of specimen processing and prep under direct supervision
- The CLA 3 may perform routine automated analysis, instrument checks, calibration, maintenance and quality control under direct supervision of the clinical laboratory scientist

Benefits of CLA 3 Classification

- Career growth and development opportunities for Clinical Lab Assistants
- Increased job performance satisfaction, employee morale and overall laboratory success.
- Improved recruitment success, reduced turnover, and improved service quality-commitment to providing exceptional patient care.



Clinical Laboratory Scientist (CLS)



Objective

- Mitigate the shortages and challenges associated with recruiting and retaining Clinical Lab Scientists



What is a CLS

- A licensed medical professional who performs tests on samples such as blood, urine, and sterile body fluids
- Results of labs are required to diagnose diseases and abnormalities
- 80% of physician diagnoses and decision making are based on lab results



Level II Trauma Impact

- The Blood Bank Department is vital for our Trauma Hospital's seamless operation.
- Without the lab, especially the blood bank department, you cannot run a trauma hospital. Elective surgeries, trauma care, and certain emergency procedures are adversely impacted or deferred.
- Our Trauma Center's hard-earned accreditation (American College of Surgeons) is at risk and the ER might have to close on some days if the short staffing persists.
- Swift resolution is crucial for maintaining our commitment to high-quality patient care.



Short Staffing

- Limited Availability of CLSs: Local candidates graduating from accredited CLS programs are scarce.
- Training Challenges: CLSs are not easily replaceable, extensive training is required due to variations in hospital policies, procedures and instrumentation.
- Prolonged Shortages: Vacant CLS positions have remained unfilled for almost two years, with few viable applicants due to salary concerns.
- Employee Exodus: Long-term employees are actively seeking opportunities elsewhere, with six CLSs already pursuing positions at other facilities, citing higher pay as a significant factor.
- Retention Issues: Even new students are difficult to retain exacerbating the staffing crisis.
- Urgent Need of Action: The current situation is unsustainable, necessitating a wage increase to align with local market values.
- Unsuitability of Travelers: Relying on travelers is not a viable solution due to the time-consuming training process and contract renewal challenges every 6-8 weeks.

CLS

- CLS program
 - There are only 7 University programs in California
Kern County does not have a program
- Kern Medical is affiliated with SFSU to train CLS students (it costs the lab \$90,000 to 100,000 to train a student)
 - 1-2 students per year
- In total, Kern County obtains <5 new CLSs per year, 1-2 being trained by Kern Medical Lab.
- Kern County has 16 hospitals that need to staff their lab with CLSs



CLS Staff

- Current CLSs – 19 full time
 - 15 productive CLSs
 - 2 working <16 hours per pay period
 - 1 part time <60 hours per pay period
 - 4 supervising CLS's (non-productive)
- 24 hour/7 days a week staffing required
- Ideally need 15 full-time CLSs **per day** to meet hospital needs
- Equates to:
 - 25 productive CLSs
 - 4 non-productive CLSs devoted to maintaining regulatory compliance



Supervising CLS

- Maintain regulatory compliance so that we are not shut down.
- Overall day to day operation of lab section and instrument function
- Policy writing/updating
- Employee training and competency
- Inter-lab and Inter-hospital communication (physicians, nursing, pharmacy)
- Involvement in hospital committees – Infection Control, Antimicrobial Stewardship, Blood usage, Trauma Operations
- Maintain compliance with the Joint Commission and the College of American Pathology
- With current staffing issues most have to work on the bench 90% of the time which prevents the supervisors from completing their supervisory duties.

Supervisors will cover daily lab work but will not be able to fulfill supervisor duties to maintain compliance.



CLS Positions Available

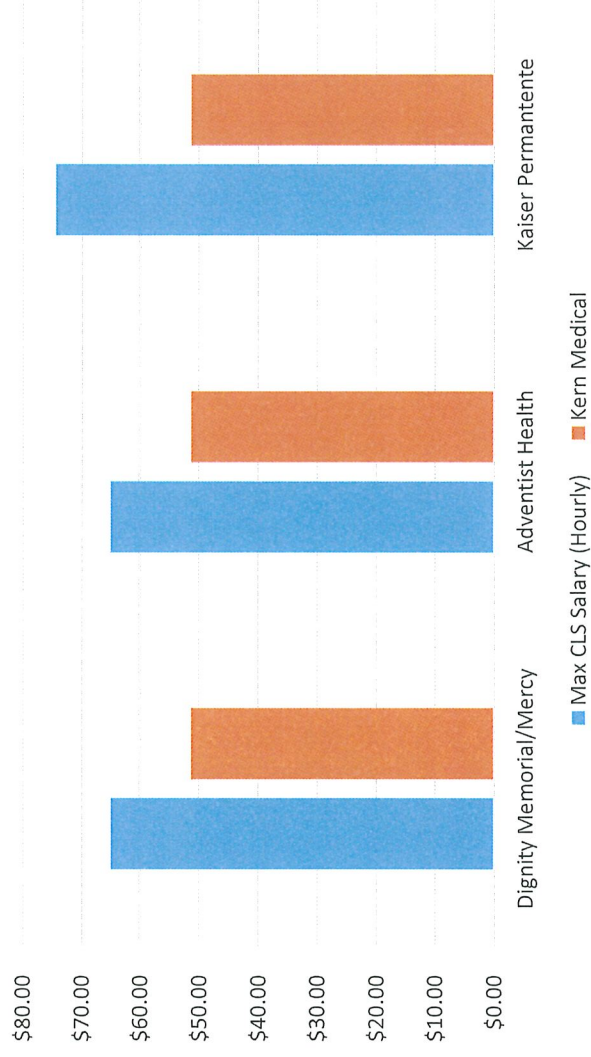
- 9 Open positions
 - 4 F/T CLS (Available since Jan. 2022)
 - 3 Per diem CLS
 - 1 Night shift supervising CLS (Available since Nov. 2022)
 - 1 LIS supervising CLS (Available since May 2023)
- Lost 9 FTE in last 18 months
- Hired 1 CLS in the last 12 months
 - She is non-productive (POCT and Education Coordinator)
- 6 CLS actively seeking employment elsewhere
- 1 CLS leaving in April or May



Market Analysis

- Analysis of CLS Salary *Supervisors are 10% more

CLS Hourly Wage Comparison



CLS Retention and Recruitment Challenges

- Pay at other local hospitals far exceeds pay at Kern Medical
 - Cannot fill open positions
 - Current employee seeking out employment at other local hospitals
- CLSs are overworked during normal scheduled hours.
- Now being asked to volunteer for additional shifts to cover the workload
- Working extra shifts and long extended hours (12-18 hours) leads to critical mistakes which can be detrimental to patient care.
- Increased stress due to staffing issues and responsibilities associated with the hospital being a Level II Trauma Center
- Current salary structure makes it difficult to attract and retain qualified CLSs



Challenges

- Generally, the lab at Kern Medical is the busiest in Bakersfield since we are the only Trauma Center in Kern County, serving a population of 878,744 people and also offering the only advanced trauma care between Fresno and Los Angeles.
- Equal to 7.9 Trauma Activations per day
- Having been understaffed and overwhelmed with work for many years has caused CLSs to quit in droves to seek better pay and a better work environment



Employee Feedback

- Former employees cited the job as excessively stressful in relation to the compensation offered. They noted the availability of alternative employment opportunities with higher pay and lower stress levels elsewhere.
- Graduates from other hospitals expressed a preference to work anywhere in town except at Kern Medical, citing the perceived high stress levels, particularly within the blood bank department, and the comparatively lower pay compared to other local hospitals.



Salary Adjustments

Clinical Laboratory Assistant I SEIU prosal	SEIU 3: Technical Services 121511	\$17.35 \$19.08	\$17.87 \$19.66	\$18.40 \$20.24	\$18.96 \$20.86	\$19.52 \$21.47	\$20.11 \$22.12	\$20.71 \$22.78	\$21.33 \$23.46
Clinical Laboratory Assistant II	SEIU 3: Technical Services 121535	\$19.55 \$21.55	\$20.14 \$22.15	\$20.74 \$22.81	\$21.37 \$23.51	\$22.01 \$24.21	\$22.67 \$24.94	\$23.35 \$25.69	\$24.05 \$26.44
Clinical Laboratory Assistant III	SEIU 3: Technical Services	\$27.19	\$28.07	\$28.98	\$29.92	\$30.89	\$31.89	\$32.93	\$34
Clinical Laboratory Scientist I	SEIU 2: Professional 121664	\$37.21 \$48.37	\$38.32 \$49.82	\$39.47 \$51.31	\$40.66 \$52.86	\$41.88 \$54.44	\$43.13 \$56.07	\$44.43 \$57.76	\$45.76 \$59.49
Clinical Laboratory Scientist II	SEIU 2: Professional 121687	\$41.73 \$54.25	\$42.98 \$55.87	\$44.27 \$57.55	\$45.60 \$59.28	\$46.97 \$61.06	\$48.38 \$62.89	\$49.83 \$64.78	\$51.32 \$66.72
Supervisor Clinical Lab Assistant	SEIU 1: Supervisory 30% for supervisor 121557	\$21.82 \$30.87	\$22.47 \$31.79	\$23.15 \$32.74	\$23.84 \$33.72	\$24.56 \$34.73	\$25.30 \$35.77	\$26.05 \$36.84	\$26.84 \$37.94
Supervisor Clinical Lab Scientist	SEIU 1: Supervisory 30% for supervisor 121707	\$46.11 \$59.94	\$47.49 \$61.73	\$48.91 \$63.58	\$50.38 \$65.48	\$51.89 \$67.44	\$53.45 \$69.46	\$55.05 \$71.54	\$56.71 \$73.68
Supervisor Clinical Micro Biologist	SEIU 2: Professional 30% for supervisor 121707	\$46.11 \$59.94	\$47.49 \$61.73	\$48.91 \$63.58	\$50.38 \$65.48	\$51.89 \$67.44	\$53.45 \$69.46	\$55.05 \$71.54	\$56.71 \$73.68
Supervisor Core Laboratory Client Svcs	SEIU 1: Supervisory 30% for supervisor 121720	\$49.20 \$63.96	\$50.67 \$65.87	\$52.19 \$67.84	\$53.76 \$69.87	\$55.37 \$71.96	\$57.03 \$74.11	\$58.74 \$76.33	\$60.50 \$78.61



KernMedical

Health for Life.

Projected Benefits

- Enhanced recruitment outcomes, diminished turnover rates, and elevated service quality underscore our steadfast dedication to delivering exceptional patient care.



Bakersfield Memorial/Mercy Hospitals CLS Wage Scales Compiled

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
April 2019																
40.7899	41.7556	42.7443	43.7567	44.7927	45.8533	45.8533	46.9388	46.9388	46.9388	48.0504	48.0504	48.0504	49.1882	49.1882	49.1882	50.3529
April 2020 (2% ATB)																
41.6057	42.5907	43.5992	44.6318	45.6886	46.7704	46.7704	47.8776	47.8776	47.8776	49.0114	49.0114	49.0114	50.1720	50.1720	50.1720	51.3600
October 2020 (1% ATB)																
42.0218	43.0166	44.0352	45.0782	46.1454	47.2381	47.2381	48.3564	48.3564	48.3564	49.5015	49.5015	49.5015	50.6737	50.6737	50.6737	51.8736
April 2021 (2% ATB)																
42.8622	43.8770	44.9159	45.9797	47.0683	48.1828	48.1828	49.3235	49.3235	49.3235	50.4916	50.4916	50.4916	51.6872	51.6872	51.6872	52.9110
October 2021 (1% ATB)																
43.2908	44.3157	45.3650	46.4395	47.5390	48.6647	48.6647	49.8167	49.8167	49.8167	50.9965	50.9965	50.9965	52.2040	52.2040	52.2040	53.4401
April 2022 (3% ATB)																
44.5895	45.6452	46.7260	47.8327	48.9652	50.1246	50.1246	51.3112	51.3112	51.3112	52.5264	52.5264	52.5264	53.7701	53.7701	53.7701	55.0433
October 2022 (6% Market Adjustment)																
47.2649	48.3839	49.5296	50.7027	51.9031	53.1321	53.1321	54.3899	54.3899	54.3899	55.6779	55.6779	55.6779	56.9964	56.9964	56.9964	58.3459
April (5% ATB)																
49.6282	50.8031	52.0060	53.2378	54.4983	55.7887	55.7887	57.1094	57.1094	57.1094	58.4618	58.4618	58.4618	59.8462	59.8462	59.8462	61.2632
April (4%) 2024																
51.6133	52.8352	54.0862	55.3673	56.6782	58.0202	58.0202	59.3938	59.3938	59.3938	60.8002	60.8002	60.8002	62.24	62.24	62.24	63.7137



L20 Clinical Laboratory Scientists
Effective October 11, 2020

Job Code	Job Title	Start Step 1	After 1 Yr Step 2	After 2 Yrs Step 3	After 3 Yrs Step 4	After 4 Yrs Step 5	After 7 Yrs Step 6	After 10 Yrs Step 7	After 15 Yrs Step 8
024711	Entry Level CLS	47.1756							
024712	Clinical Laboratory Scientist	53.5018	55.5926	57.7656	60.0226	64.8049	66.7525	68.7590	70.8249
024713	Clinical Laboratory Scientist Sr	55.5926	57.7656	60.0226	62.3680	64.8049	70.0904	72.1969	74.3661
024720	Sr Clinical Laboratory Scientist II								
024714	Clinical Laboratory Scientist Supv	62.5564	65.0005	67.5401	70.1783	72.9200	75.1112	77.3679	79.6921
	Shift Differentials:								
	Evening	5.3500							
	Night	8.0200							
	In Lieu	8.0200							

024715	Medical Laboratory Technician	42.3652	43.3227	44.6203	45.9642	47.3389	48.7591	50.2219	51.7286
	Shift Differentials:								
	Evening	4.2400							
	Night	6.3500							
	In Lieu	6.3500							

Weekend Only:

024730	Entry Level CLS - WK	51.8932							
024731	Clinical Laboratory Scientist - WK	58.8519	61.1519	63.5421	66.0249				
024732	Clinical Laboratory Scientist Sr - WK	61.1519	63.5421	66.0249	68.6048	71.2855	73.4280	75.6349	77.9074
024733	Sr Clinical Laboratory Scientist II - WK								
024734	Clinical Laboratory Scientist Supv - WK	68.8121	71.5006	74.2940	77.1961	80.2121	82.6224	85.1048	87.6613



Kern Medical Surgery Center, LLC
9300 Stockdale Hwy, Suite 200
Bakersfield, CA. 93311
661-964-2470

BOARD OF MANAGERS KERN MEDICAL SURGERY CENTER, LLC REGULAR MEETING

February 21, 2024

Subject: Administrative Report for Two-Months Ended December 31, 2023

Recommended Action: Receive and File

Summary:

Kern Medical Surgery Center Operations

Key Performance Indicators:

- The Surgery Center budgets to financially breakeven on operations each month. November resulted in an operating loss of (\$3,272).
- November volumes of 181 surgeries are 37 below the November budget of 218 due to holiday closures and surgeon vacations.
- December resulted in an operating loss of (\$101,049).
- Total surgeries of 163 for December are 32 below the December budget of 195 due to the holiday, surgeon time off and more than 50 patients cancelling due to an active illness.

The following items have budget variances for the months of November and December 2023:

Patient Revenue:

For November, gross patient revenue was 4% unfavorable to budget for the month, with the budget at \$1,537,981 and the actual gross patient revenue at \$1,475,616. November net revenue of \$407,975 is \$51,638 less than the November budgeted net revenue of \$459,613.

For December, gross patient revenue had an 8% favorable budget variance with actual gross charges of \$1,485,402 compared to the budget of \$1,375,717 December net revenue of \$384,151 is \$26,972 less than the budget of \$411,123 due to lower than budgeted surgery volumes.

On a fiscal year-to-date basis, gross patient revenue of \$7,594,460 is 16% below the budget of \$9,051,512.

Supplies Expense:

Supplies were under budget for November. December supplies were over budget due to several invoices from a major supplier being misdirected to the hospital accounting department, resulting in past due invoices, which were paid in December.

Salary and Benefit Expense:

Salary expenses for November were \$133,254. This was \$20,273 under the budgeted amount of \$153,527. December salary expenses were \$137,060 which were \$407 under the December budget of \$137,467. Benefit expenses for November were \$34,216 which were \$148 below the budget of \$34,364. Benefit expenses for December were \$24,213 which were \$6,525 below the budget of \$30,738.

Purchased Services:

November purchased services in the amount of \$60,951 was below budget by \$4,349. December purchased services of \$63,099 was below budget by \$4,308.

Initiatives for Marketing and Growth:

Marketing materials highlight the Surgery Center's specialty services available for patients and surgeons.

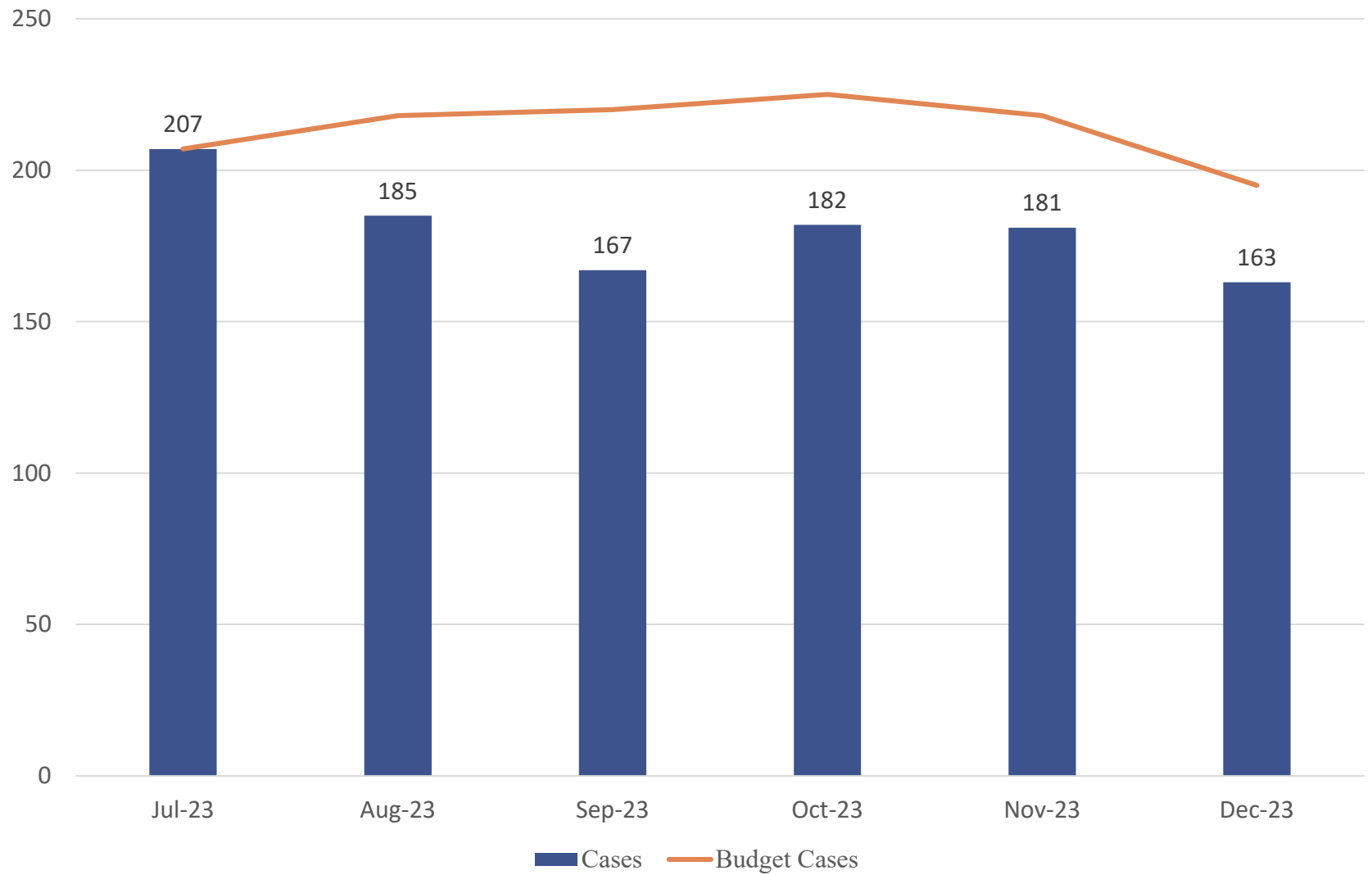
The Director of Nursing continues to meet with surgeons with privileges at the surgery center and in the area to increase volume from each specialty as well as to fulfill the needs of our patients and physicians.

The Surgery Center staff engages in ongoing training and education to provide the best possible experience for the surgeons and to meet the needs of our diverse patient population. Our patient satisfaction surveys continue to show that 98% of our patients rate the center's services as excellent and 100% would return for additional procedures as needed.

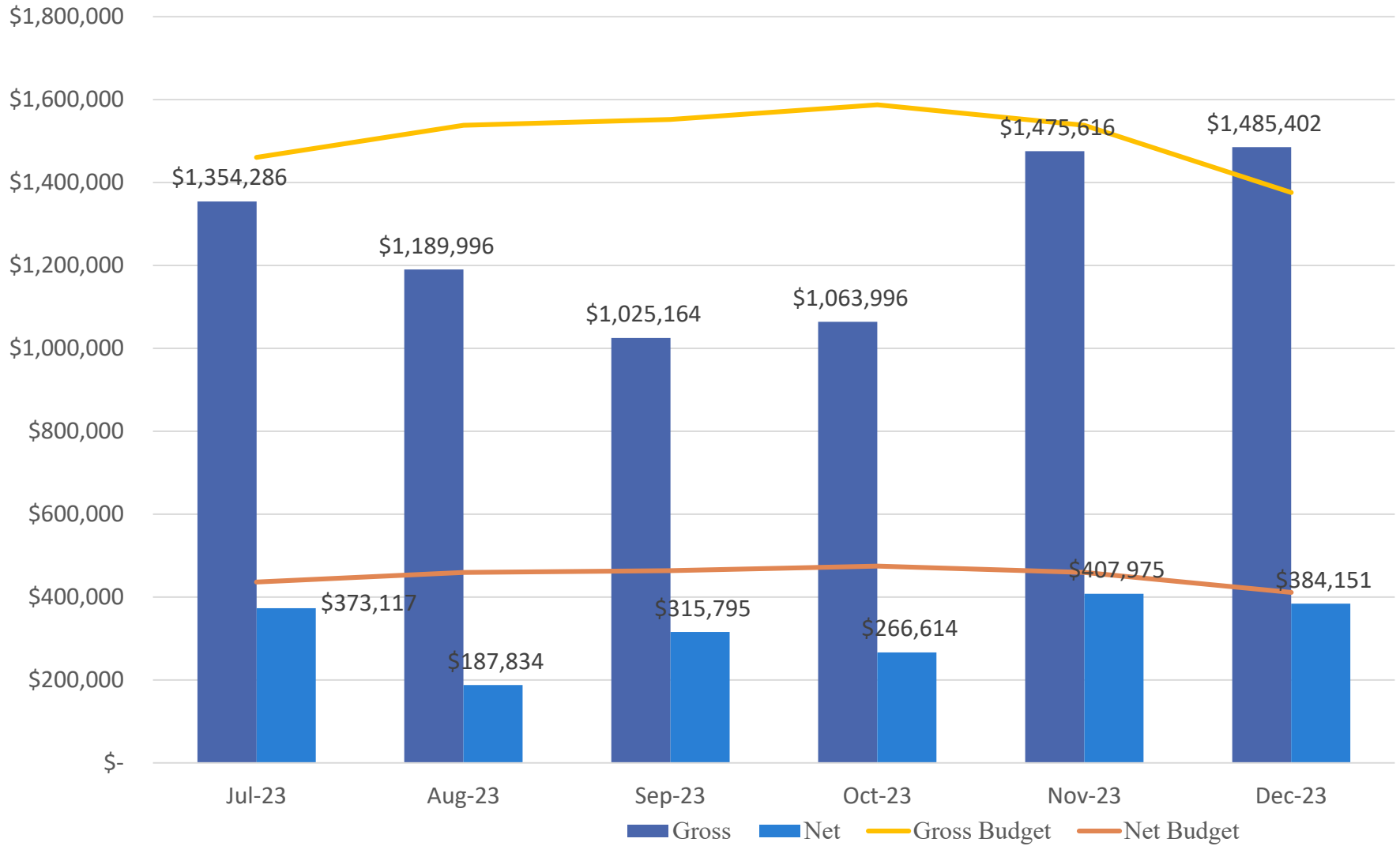


**BOARD OF MANAGERS' REPORT
JULY – DECEMBER 2023**

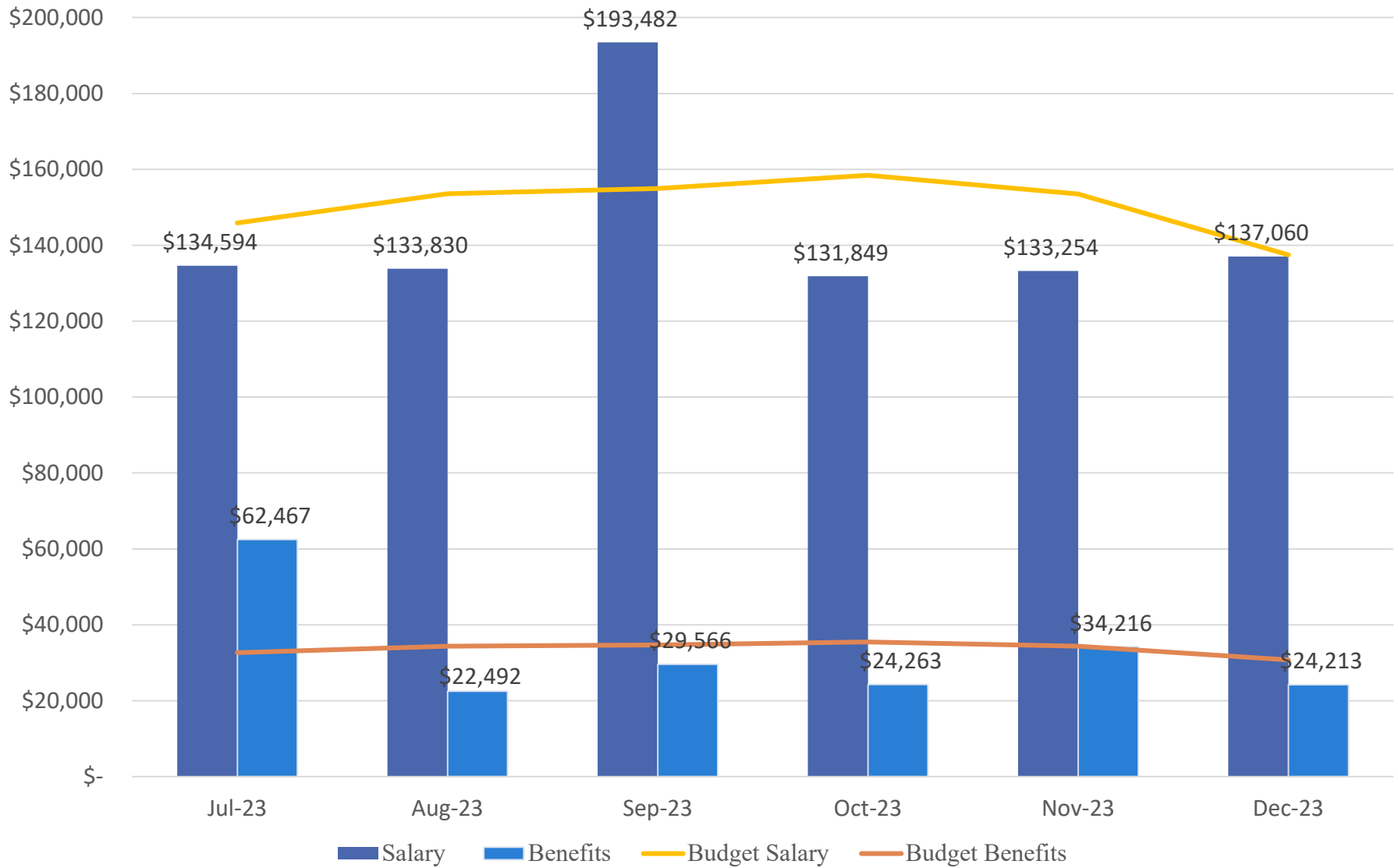
Case Volume



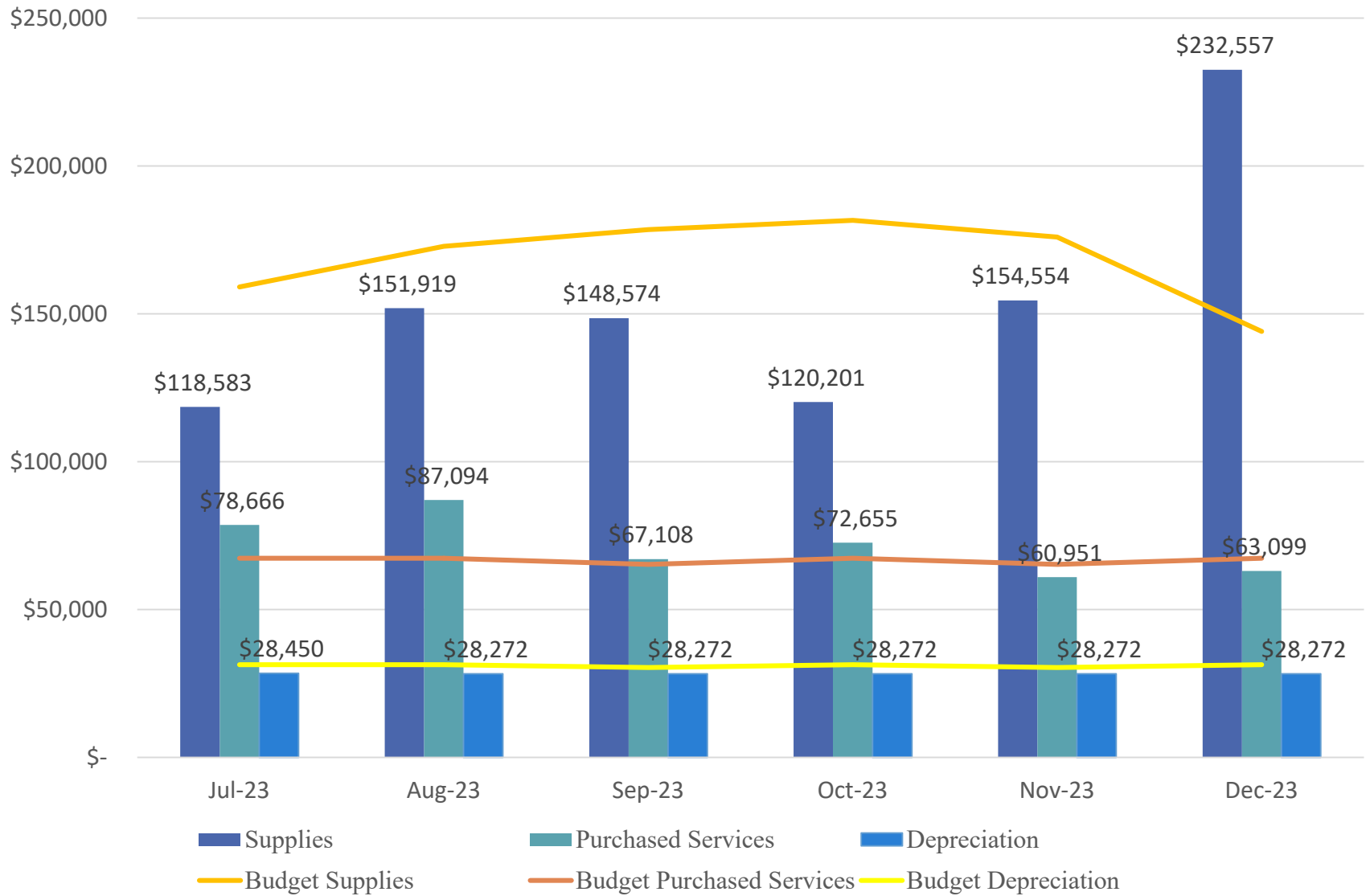
Total Revenue



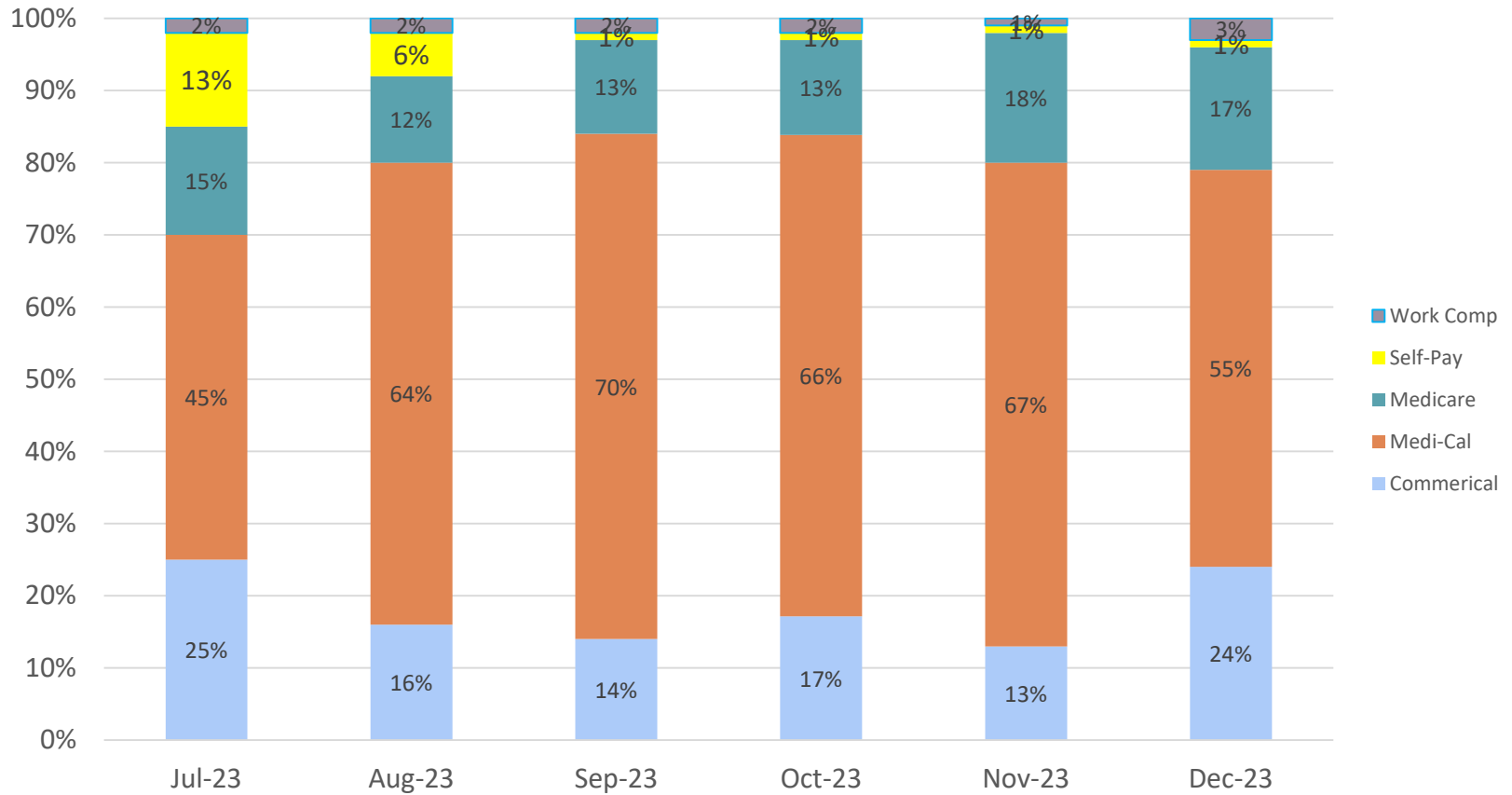
Expenses



Expenses



PAYER MIX



Kern Medical Surgery Center, LLC.

Profit and Loss

	Nov-23	Dec-23	Budget Dec-23	Variance
Gross Revenue	\$ 1,475,616	\$ 1,485,402	\$ 1,375,717	\$ 109,685
Net Revenue	407,975	384,151	411,122	(26,971)
Salaries	133,254	137,060	137,467	407
Benefits	34,216	24,213	30,738	6,525
Supplies	154,554	232,557	144,086	(88,471)
Purchased Services	60,951	63,099	67,407	4,308
Depreciation	28,272	28,272	31,424	3,152
Total Expenses	411,247	485,200	411,122	(74,078)
Net Operating Gain (Loss)	\$ (3,272)	\$ (101,049)	\$ -	\$ (101,049)

Kern Medical Surgery Center, LLC.
Profit and Loss
July - December 2023

	Actual FYTD	Budget FTYD
Gross Revenue	\$ 7,594,460	\$ 9,051,512
Net Revenue	1,935,486	2,704,972
Salaries	864,069	903,802
Benefits	197,217	202,242
Supplies	926,388	1,012,175
Purchased Services	429,416	400,230
Depreciation	169,810	186,518
Total Expenses	\$ 2,586,899	\$ 2,704,972
Net Operating Gain (Loss)	\$ (651,869)	\$ -

Balance Sheet
As of December 31, 2023

	Nov-23	Dec-23
ASSETS		
Total Cash on Hand	\$ 147,699	\$ 162,266
Gross Patient Receivables	1,568,215	1,647,894
Contractual Reserve	(1,113,433)	(1,170,005)
Net Patient Receivables	454,782	477,899
Other Receivables	(39,593)	(52,171)
Total Accounts Receivable	494,375	530,070
Total Other Current Assets	-	3,539
Total Current Assets	642,074	695,875
Total Fixed Assets	894,829	866,557
TOTAL ASSETS	1,536,903	1,562,432
LIABILITIES AND EQUITY		
Total Accounts Payable	2,336,991	2,463,569
	2,336,991	2,463,569
TOTAL LIABILITIES	(800,088)	(901,137)
Total Equity	1,568,215	1,647,894
TOTAL LIABILITIES AND EQUITY	\$ 1,536,903	\$ 1,562,432



Kern Medical Surgery Center, LLC
9300 Stockdale Hwy, Suite 200
Bakersfield, CA 93311
(661) 964-2470

February 21, 2024

Subject: Proposed retroactive 401(k) Profit Sharing Plan for Kern Medical Surgery Center, LLC employees and appointment of Shanan Mallard as the successor Authorized Representative

Recommended Action: Approve; Adopt Resolution; Authorize Chief Executive Officer to sign; Direct Kern County Hospital Authority Human Resources to implement

Summary: Kern Medical Surgery Center, LLC (LLC) requests your Board retroactively approve the 401(k) Profit Sharing Plan for LLC employees and appoint Shanan Mallard as a successor Trustee and Authorized Representative for purposes of carrying out ministerial duties related to the plan, effective January 1, 2024.

The following is a brief overview of the plan summary as requested to be adopted by the board:

In accordance with the Settlement Agreement between Kern County Hospital Authority, Kern Medical Surgery Center, LLC and Service Employees International Union, Local 521 (SEIU), dated December 15, 2023, following mediation to resolve an alleged unfair practice charge filed by the union, we agreed to update the plan provide (1) 100% employer match of employee contributions up to a maximum of 6% contribution of base salary, and (2) a non-elective 4% contribution of base salary per eligible LLC employee, subject to the governing IRS regulations. (The 4% non-elective contribution is not part of this plan update.) This change is retroactive to January 1, 2024, the beginning of the plan year, in compliance with IRS regulations.

In addition, we are recommending a change in the trustee to remove Brandon Koworsky and to appoint Shanan Mallard, Benefits and Compensation Administrator as his replacement. Scott Thygersen will remain a trustee and signer for the plan.

Therefore, it is recommended that your Board retroactively approve the 401(k) Profit Sharing Plan for Kern Medical Surgery Center, LLC employees, appointment of Shanan Mallard as the successor Authorized Representative, adopt the resolution, authorize the Chief Executive Officer to sign the Adoption Agreement, and direct Kern County Hospital Authority Human Resources to implement.

Organization Resolution

By action of the _____ of _____,
Board of Directors/Owners COMPANY NAME
a(n) _____, taken _____, the following resolution was duly adopted.
ORGANIZATION DATE

RESOLVED, that effective as of the close of business on _____, _____ is
Date of Removal Individual to be Removed
removed as the:

☐ Trustee ☐ Authorized Representative

for the _____ 401(k) Profit Sharing Plan & Trust (the "Plan"), and it is
Name of Plan

FURTHER RESOLVED, that effective as of the opening of business _____,
Date of Appointment

_____ is hereby appointed as
Name of new Individual

☐ Trustee ☐ Authorized Representative

New Appointee Address _____

Phone Number _____ Email _____

and it is FURTHER RESOLVED, that the _____ of this organization hereby authorizes
[Board of Directors] [Partnership/Membership]
_____ to execute any documents necessary and to make such changes therein
Name of new Individual
as may be required or which they may deem appropriate, to take any other actions which they deem necessary or
desirable or proper to carry out the intent of the foregoing Resolution.

IN WITNESS WHEREOF, I have executed this Resolution this date of _____.
MONTH/DAY/YEAR

AUTHORIZED SIGNATURE

PRINTED NAME

PRINTED TITLE



**BOARD OF MANAGERS
REGULAR MEETING
KERN MEDICAL SURGERY CENTER, LLC**

February 21, 2024

Subject: Proposed credentialing recommendations

Recommended Action: Approve

Summary:

It is recommended that your Board approve the attached credentialing recommendations for Kern Medical Surgery Center, LLC.

**CREDENTIALING RECOMMENDATIONS TO BOARD OF MANAGERS
FEBRUARY 21, 2024**

Initial Appointments: The following practitioner(s) are recommended for initial appointment and clinical privileges as delineated by the respective department chair:

None

APP Initial Appointments:

Daniel Vera, CRNA, Department of Anesthesiology

Jessica Meninga, CRNA, Department of Anesthesiology

Reappointments: The following practitioner(s) are recommended for reappointment and clinical privileges as delineated by the respective department chair:

Alexandra Elias, MD, Department of Surgery

APP Reappointments:

None

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

(Government Code Section 54957.7)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on February 21, 2024, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(e)(1)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the Authority but which the Authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed
-

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

Government Code Section 54957.7

The Board of Governors will hold a closed session on February 21, 2024, to consider:

 X CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Unrepresented Employees (Government Code Section 54957.6) –

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

(Government Code Section 54957.7)

The Board of Governors will hold a closed session on February 21, 2024, to consider:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees
International Union, Local 521, Charging Party, v. Kern County Hospital Authority,
Respondent, Public Employment Relations Board Case No. LA-CE-1599-M –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL – FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Farzin Tayefeh, M.D.,
et al. v. County of Kern, et al., Kern County Superior Court, Case No. BCV-15-
100647 –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter
of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP
Case No. 23-AL-LNC-64581, Penalty No. 120019236 –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter
of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP
Case No. 23-AL-LNC-64581, Penalty No. 120019259 –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter
of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP
Case No. 23-AL-LNC-64581, Penalty No. 120019322 –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter
of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP
Case No. 23-AL-LNC-64580, Penalty No. 120019340 –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter
of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP
Case No. 23-AL-LNC-64581, Penalty No. 120019384 –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter
of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP
Case No. 23-AL-LNC-66389, Penalty No. 120019413 –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter
of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP
Case No. 23-AL-LNC-66388, Penalty No. 120019455 –

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

Government Code Section 54956.9

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 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Accusation in the Matter
of the Appeal by Kern County Hospital Authority dba Kern Medical Center, CDHP
Case No. 23-AL-LNC-64573, Penalty No. 120019386 –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 21, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees
International Union, Local 521, Charging Party, v. Kern County Hospital Authority,
Respondent, Public Employment Relations Board Case No. LA-CE-1573-M –