



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, June 18, 2025

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on May 21, 2025 –
APPROVE

CA

- 4) Proposed renewal and binding of insurance coverages for hospital professional liability, general liability and umbrella/excess liability, workers' compensation and employers liability, automobile liability, heliport and non-owned aircraft liability, directors and officers liability, employment practices liability, healthcare regulatory liability, crime, privacy and security (cyber) liability, premises pollution liability, underground storage tank liability, employed lawyers professional liability, fiduciary liability, with option to finance selected premiums through PRISM and AFCO Direct Capital Finance in an amount not to exceed \$2,122,052, effective June 30, 2025 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO BIND COVERAGE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN COMMERCIAL INSURANCE PREMIUM FINANCE AGREEMENT-PROMISSORY NOTE WITH AFCO DIRECT CAPITAL FINANCE SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 5) Proposed retroactive Assignment and Assumption Amendment to Agreement 036-2024 between Moss Adams LLP, Baker Tilly US LLP and Kern County Hospital Authority, effective June 3, 2025 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 036-2024 with Baker Tilly US LLP (formally Moss Adams LLP), an independent contractor, for financial auditing services for the period April 1, 2024 through March 31, 2025, extending the term for one year from April 1, 2025 through March 31, 2026, and increasing the maximum payable by \$217,650, from \$198,750 to \$416,4000, to cover the term, effective April 1, 2025 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Engagement Letter from Baker Tilly US LLP (formally Moss Adams LLP), an independent contractor, regarding the audit of Kern Medical Center financial statements for the fiscal year ended June 30, 2025, in an amount not to exceed \$217,650 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Amendment Number 1 to Agreement 079-2022 with Verity Solutions Group, Inc., an independent contractor, for 340B split billing services and software for the period June 24, 2022 through June 27, 2025, extending the term for five years from June 28, 2025 through June 27, 2030, an increasing the maximum payable by \$162,000, from \$115,000 to \$277,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed acceptance of donation from Federal Emergency Management Agency Center for Domestic Preparedness for travel and related expenses to cover all costs for three Kern Medical Center employees to attend the “Healthcare Leadership for Mass Casualty Incidents” training in Anniston, Alabama, from July 6, 2025 through July 12, 2025 –
APPROVE; ADOPT RESOLUTION

CA

- 10) Proposed BD Quote Form with BD, C.R. Bard Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of Enspire breast biopsy machine in an amount not to exceed \$5,502 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed Software License Agreement with TruAsset, LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of a computerized maintenance management system for medical equipment from June 18, 2025 through June 17, 2028, in an amount not to exceed \$14,700 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed Sales Order CPQ-3491752 with Oracle America, Inc., an independent contractor, for purchase of a laboratory interface with maintenance for the electronic health record for the period June 18, 2025 through June 17, 2028, in an amount not to exceed \$25,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 13) Proposed Agreement with Katelyn B. Furey, M.D., a contract employee, for professional medical services in the Department of Obstetrics and Gynecology from October 4, 2025 through October 3, 2028, in an amount not to exceed \$3,150,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 14) Proposed Agreement with Karim R. Merchant, M.D., a contract employee, for professional medical services in the Department of Medicine from August 9, 2025 through August 8, 2028, in an amount not to exceed \$2,000,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 15) Proposed Amendment No. 3 to Agreement 041-2023 with Tarun Rustagi, M.D., a contract employee, for professional medical services in the Department of Medicine for the period March 16, 2023 through March 15, 2023, increasing the maximum payable by \$750,000, from \$5,726,435 to \$6,476,435, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 16) Proposed Compliance Program for Fiscal Year 2025-2026 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

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

- 18) Report on the Cisco Telephony Upgrade –
RECEIVE AND FILE

- 19) Proposed Lease Agreement with Cisco Systems Capital Corporation, an independent contractor, containing nonstandard terms and conditions, to finance the purchase of equipment and services for the Cisco Telephony Upgrade from July 1, 2025 through June 30, 2030, in an amount not to exceed \$1,808,039 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN RELATED DOCUMENTS SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

- 20) Proposed Quote 2003225501586 with Presidio Networked Solutions Group, LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of equipment and services for the Cisco Telephony Upgrade from July 1, 2025 through June 30, 2032, in an amount not to exceed \$1,867,642 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO ACKNOWLEDGE RECEIPT OF EQUIPMENT; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN RELATED DOCUMENTS SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

- 21) Proposed Statement of Work with Presidio Networked Solutions Group, LLC, an independent contractor, for professional services to support the Cisco Telephony Upgrade from July 1, 2025 through June 30, 2026, in an amount not to exceed \$165,275 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

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

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

CA

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

CA

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

CA

- 26) Miscellaneous Correspondence as of May 21, 2025
RECEIVE AND FILE

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

C-27) Kern Medical Surgery Center, LLC, Administrative Report –
RECEIVE AND FILE

C-28) Proposed credentialing recommendations –
APPROVE

C-29) Proposed retroactive Rental Service Agreement and Addendum with Mission Linen Supply doing business as Mission Linen and Uniform Service, an independent contractor, from April 28, 2025 to April 27, 2030, in an amount estimated not to exceed \$375,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

C-30) Miscellaneous Correspondence as of May 31, 2025 –
RECEIVE AND FILE

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

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 31) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 32) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –
- 33) 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) –
- 34) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) –
- 35) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(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 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 (Government Code Section 54956.9(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, JULY 16, 2025 AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

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

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

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

CA

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

- A) Claim in the matter of Trinity Suzette Smith
- B) Claim in the matter of Veronica Hernandez
- C) Claim in the matter of Jonathan Gael Perez-Hernandez, a minor by and through his Guardian Ad Litem, Veronica Hernandez
- D) Summons and Complaint in the matter of Natasha Anand, Plaintiff, v. The Kern County Medical Hospital, Kern Hospital Authority and DOES 1-25, Defendants, Kern County Superior Court Case No. BCV-25-101571
- E) Summons and Complaint in the matter of Alyiaha Daniels, an individual, Plaintiff, v. City of Kern; County of Kern; State of California; City of Bakersfield; Kern Medical; and DOES 1 through 100, Inclusive, Defendants, Kern County Superior Court Case No. BCV-25-101626
- F) Claim in the matter of Carl Derrek Northam
- G) Claim in the matter of Rosa Monarrez

CA

26) MISCELLANEOUS CORRESPONDENCE AS OF MAY 31, 2024 –
RECEIVE AND FILE

- A) Correspondence received May 21, 2025, from SEIU Local 521 regarding Kern Medical AB 2561 Presentation

C-30) MISCELLANEOUS CORRESPONDENCE AS OF MAY 31, 2024 –
RECEIVE AND FILE

- A) Correspondence received May 30, 2025, from Kristen Olko, CPA, Senior Manager, Moss Adams LLP, regarding Kern Medical Surgery Center, LLC 2024 Audit Services and Related Nonattest Services



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, May 21, 2025

11:30 A.M.

BOARD RECONVENED

Board Members: Anderson, Berjis, McLaughlin, Merz, Pelz, Pollard, Stout
Roll Call: 6 Present; 1 Absent - Pollard

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

DIRECTOR BERJIS REPORTED ON THE UPCOMING 6TH ANNUAL SOUTHERN SAN JOAQUIN VALLEY REGIONAL RESEARCH FORUM ON MAY 22, 2025 AND RECOGNITION DINNER FOR GRADUATING RESIDENTS AND FELLOWS ON JUNE 12, 2025

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for the Kern County Hospital Authority Board of Governors special meeting on April 16, 2025 –
APPROVED
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 4) Proposed Second Amendment to Second Amended and Restated Credit Agreement with PNC Bank, National Association (PNC Bank) for a revolving Line of Credit, extending the maturity date of the Line of Credit to a date not later than May 27, 2026 and amendments to the rate at which interest on loans incurred pursuant to the Line of Credit is calculated, provided that the Line of Credit shall otherwise be substantially on the same terms set out in the Second 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 –
APPROVED; ADOPTED RESOLUTION 2025-014; AUTHORIZED AND DIRECTED ANY TWO OF THE FOLLOWING OFFICERS (EACH, AN “AUTHORIZED OFFICER”), FOR AND IN THE NAME OF AND ON BEHALF OF THE AUTHORITY, TO EXECUTE THE SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT 044-2025, 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
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 5) Proposed Amendment No. 4 to Agreement 17018 with NLeader Group, LLC, an independent contractor, for consulting services related to the Medi-Cal Administrative Activities Program for the period July 1, 2018 through June 30, 2025, extending the term for two years from July 1, 2025 through June 30, 2027, and increasing the maximum payable by \$45,000, from \$175,000 to \$220,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 045-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 6) Proposed Amendment One to Agreement 063-2022 with Healthfuse LLC, an independent contractor, for revenue cycle performance management services for the period June 1, 2022 through May 31, 2025, extending the term for three years from June 1, 2025 through May 31, 2028, and increasing the maximum payable by \$2,244,000, from \$1,723,404 to \$3,967,404, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 046-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 7) Proposed Agreement with Cardinal Health, an independent contractor, containing nonstandard terms and conditions, for purchase of OMNI feeding pumps in an amount not to exceed \$31,000, plus applicable tax and shipping –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 047-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 8) Proposed Supplies Purchase Agreement with Flower Orthopedics Corporation, doing business as Conventus Flower Orthopedics, an independent contractor, containing nonstandard terms and conditions, for purchase of Operating Room supplies from May 21, 2025 through May 20, 2028, in an amount not to exceed \$200,000, plus applicable tax and shipping –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 048-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 9) Proposed Services Renewal Order with Oracle America, Inc., an independent contractor, for renewal of the electronic health record Single Sign On software from September 1, 2025 through August 31, 2026, in an amount not to exceed \$15,813 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 049-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 10) Proposed Ordering Document CPQ-3911231 with Oracle America, Inc., an independent contractor, for purchase of a vital sign monitoring machine, in an amount not to exceed \$3,948, plus applicable tax and shipping –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 050-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 11) Proposed Amendment No. 5 to Agreement 07816 with Paul Dhanens Architect, Inc., an independent contractor, for architectural design services for the period July 1, 2016 through June 30, 2025, extending the term for three years from July 1, 2025 through June 30, 2028, and increasing the maximum payable by \$250,000, from \$950,000 to \$1,200,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 051-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 12) Proposed Agreement with Hillrom, Inc., a subsidiary of Baxter Health Corporation, an independent contractor, for purchase of the Voalte Nurse Call System, in an amount not to exceed \$1,379,650, plus applicable tax and shipping –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 052-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 13) Proposed Amendment No. 1 to Agreement 39922 with Parts Town, LLC, an independent contractor, for plumbing parts and supplies for the period June 29, 2022 through June 28, 2025, extending the term for three years from June 29, 2025 through June 28, 2028, and increasing the maximum payable by \$50,000, from \$50,000 to \$100,000, to cover the extended term – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 053-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 14) Proposed approval of Amended and Restated Bylaws of Kern County Hospital Authority Community Health Center Board of Directors – APPROVED; AUTHORIZED CHAIRMAN TO SIGN
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 15) Proposed Amendment No. 6 to Agreement 20117 with LocumTenens.com, an independent contractor, for temporary physician staffing services for the period May 22, 2017 through May 21, 2025, extending the term for two years from May 22, 2025 through May 21, 2027, and increasing the maximum payable by \$3,000,000, from \$4,500,000 to \$7,500,000, to cover the extended term – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 054-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 16) Proposed Amendment No. 1 to Agreement 051-2023 with Arturo Gomez, M.D., a contract employee, for professional medical and administrative services in the Department of Surgery for the period April 22, 2023 through April 21, 2026, extending the term by three years from April 22, 2026 through April 21, 2029, modifying the compensation methodology, and increasing the maximum payable by \$5,000,000, from \$4,500,000 to \$9,500,000, to cover the extended term, effective May 31, 2025 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 055-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 17) Proposed Amendment No. 1 to Agreement 066-2022 with Michael J. Eagan, M.D., a contract employee, for professional medical services in the Department of Surgery for the period June 24, 2022 through June 23, 2025, extending the term by three years from June 24, 2025 through June 23, 2028, modifying the compensation methodology, and increasing the maximum payable by \$5,400,000, from \$3,300,000 to \$8,700,000, to cover the extended term, effective May 31, 2025 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 056-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 18) Proposed Amendment No. 3 to Agreement 034-2022 with Antony Minasaghanian, M.D., a contract employee, for professional medical services in the Department of Radiology for the period June 8, 2022 through June 7, 2027, increasing the maximum payable by \$65,000, from \$4,250,000 to \$4,315,000, to cover the term, effective June 1, 2025 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 057-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard

CA

- 19) Proposed Amendment No. 1 to Agreement 454-2022 with the County of Kern, as represented by Kern County Public Health Services Department, for multiple specialized services from July 1, 2022 through June 30, 2025, extending the term by three years from July 1, 2025 through June 30, 2028 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 058-2025
Anderson-Berjis: 6 Present; 1 Absent - Pollard
- 20) Public hearing pursuant to Government Code Section 3502.3 regarding Kern County Hospital Authority vacancies, recruitment and retention efforts (Assembly Bill 2561) –
OPENED HEARING; CHIEF HUMAN RESOURCES AND TRANSFORMATION OFFICER ROBY HUNT HEARD REGARDING KERN COUNTY HOSPITAL AUTHORITY VACANCIES, RECRUITMENT AND RETENTION EFFORTS; JORGE ABRAM RIVERA, SEIU LOCAL 521, ANA PALACIO, CLINICAL NURSE LEADER, RN, EMERGENCY DEPARTMENT, AND GEORGE PFISTER, BEHAVIORAL HEALTH UNIT, HEARD REGARDING VACANCY RATES AND TURNOVER; CLOSED HEARING; RECEIVED AND FILED
Merz-Pelz: 6 Present; 1 Absent - Pollard
- 21) Kern County Hospital Authority Chief Financial Officer report –
CHIEF FINANCIAL OFFICER ANDREW CANTU HEARD; RECEIVED AND FILED
Pelz-Stout: 6 Present; 1 Absent - Pollard
- 22) Proposed Kern County Hospital Authority operating and capital budgets for Fiscal Year 2025-2026 –
CHIEF FINANCIAL OFFICER ANDREW CANTU HEARD; DIRECTOR BERJIS ASKED WHICH PART OF THE BUDGET IS MOST VULNERABLE TO STATE OR FEDERAL ACTION; CHIEF EXECUTIVE OFFICER SCOTT THYGERSON AND MR. CANTU DISCUSSED THE PROPOSED CUTS TO MEDICAID BY THE CONGRESS; DIRECTOR ANDERSON THANKED STAFF FOR THE PRESENTATION; DIRECTOR MCLAUGHLIN ASKED IF THERE IS A CONTINGENCY PLAN AND WHETHER THERE WILL BE CHANGES TO THE BUDGET AT A LATER DATE; MR. THYGERSON DISCUSSED THE POTENTIAL NEED FOR IMPLEMENTING A BRIDGE PLAN AND INDICATED THERE WOULD BE NO CHANGES TO THE APPROVED BUDGET; APPROVED; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL
Anderson-Berjis: 6 Present; 1 Absent - Pollard
- 23) Proposed Kern County Hospital Authority Community Health Center operating budget for Fiscal Year 2025-2026 –
CHIEF FINANCIAL OFFICER ANDREW CANTU HEARD; DIRECTOR BERJIS ASKED IF THE GOAL OF THE HEALTH CENTER IS TO BREAK EVEN; MR. CANTU RESPONDED THAT THE GOAL IS TO INCREASE CLINIC VISITS; CHIEF EXECUTIVE OFFICER SCOTT THYGERSON INDICATED HRSA REQUIRES THE SUBMISSION OF A BREAK-EVEN BUDGET; APPROVED; REFERRED TO KERN COUNTY HOSPITAL AUTHORITY COMMUNITY HEALTH CENTER BOARD OF DIRECTORS FOR APPROVAL
Stout-Pelz: 6 Present; 1 Absent - Pollard
- 24) Kern County Hospital Authority Chief Executive Officer report –
CHIEF EXECUTIVE OFFICER SCOTT THYGERSON HEARD; RECEIVED AND FILED
Berjis-Merz: 6 Present; 1 Absent - Pollard

- CA
25) Monthly report on What's Happening at Kern Medical Center –
RECEIVED AND FILED
Anderson-Berjis: 6 Present; 1 Absent - Pollard

- CA
26) Claims and Lawsuits Filed as of April 30, 2025 –
RECEIVED AND FILED
Anderson-Berjis: 6 Present; 1 Absent - Pollard

ADJOURNED TO CLOSED SESSION
Pelz-Stout

CLOSED SESSION

- 27) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 28) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Maria Elena Lopez-Rodriguez, v. Kern County Hospital Authority (an organization form unknown) and DOES 3-100, inclusive, Defendants, Kern County Superior Court Case No. BCV-20-100510 BCB – SEE RESULTS BELOW
- 29) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 Plaintiff/Petitioner, v. Kern County Hospital Authority, Kern Medical Surgery Center, LLC, and DOES 1-25, Defendants/ Respondents, Kern County Superior Court Case No. BCV-22-101782 GP – SEE RESULTS BELOW
- 30) 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
- 31) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – SEE RESULTS BELOW
- 32) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Melissa Perry, individually and as successor-in-interest of Decedent Kimberly Morrissey-Scalia, Plaintiff, et al., v. County of Kern, a municipal corporation, Kern County Hospital Authority, et al., United States District Court, Eastern District of California, Case No. 1:17-cv-01097-KES-CDB – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
Stout-Pelz

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item 27 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR PELZ, SECOND BY DIRECTOR ANDERSON; 1 ABSENT - DIRECTOR POLLARD), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, REQUEST FOR CHANGE IN STAFF STATUS, REQUEST FOR ADDITIONAL PRIVILEGES, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item 28 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Maria Elena Lopez-Rodriguez, v. Kern County Hospital Authority (an organization form unknown) and DOES 3-100, inclusive, Defendants, Kern County Superior Court Case No. BCV-20-100510 BCB – HEARD; NO REPORTABLE ACTION TAKEN

Item 29 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 Plaintiff/Petitioner, v. Kern County Hospital Authority, Kern Medical Surgery Center, LLC, and DOES 1-25, Defendants/ Respondents, Kern County Superior Court Case No. BCV-22-101782 GP – HEARD; NO REPORTABLE ACTION TAKEN

Item 30 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

Item 31 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

Item 32 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Melissa Perry, individually and as successor-in-interest of Decedent Kimberly Morrissey-Scalia, Plaintiff, et al., v. County of Kern, a municipal corporation, Kern County Hospital Authority, et al., United States District Court, Eastern District of California, Case No. 1:17-cv-01097-KES-CDB – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, JUNE 18, 2025 AT 11:30 A.M.
Pelz

/s/ Mona A. Allen
Authority Board Coordinator

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



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

June 18, 2025

SUBJECT: Proposed renewal and binding of insurance coverages in an amount not to exceed \$2,122,052, effective July 1, 2025

RECOMMENDED ACTION: Approve; Authorize Chief Executive Officer to bind coverage; Authorize Chief Executive Officer to sign the Commercial Insurance Premium Finance – Promissory Note with AFCO Direct Capital Finance subject to approval as to form by Counsel

Kern Medical requests your Board's approval to renew and bind the following insurance coverages effective July 1, 2025, following an extensive marketing effort to multiple carriers to ensure the most competitive terms, conditions, and pricing:

- Hospital Professional Liability, General Liability and Umbrella/Excess Liability
- Workers' Compensation and Employers Liability
- Automobile Liability
- Heliport & Non-Owned Aircraft Liability
- Directors & Officers Liability
- Employment Practices Liability
- Healthcare Regulatory Liability
- Crime
- Privacy and Security (Cyber) Liability
- Underground Storage Tanks (UST) Liability
- Employed Lawyers Professional Liability
- Fiduciary Liability
- KMSC Fiduciary Liability

Hospital Professional Liability, General Liability and Umbrella/Excess Liability *

Kern Medical recommends renewing coverage for Hospital Professional Liability, General Liability and Umbrella/Excess Liability with Professional Security Insurance Company (MagMutual) and National Fire & Marine Insurance Company (MedPro).

- Insurance Carriers: Professional Security Insurance Company (MagMutual) and National Fire & Marine Insurance Company (MedPro)
- A.M. Best Rating: MagMutual (A [Excellent] XII); MedPro (A++ [Superior] XV)
- Term: July 1, 2025 – July 1, 2026
- Coverage: Hospital Professional Liability insurance protects the organization, physicians, and other licensed health care professionals from liability associated with wrongful practices resulting in bodily injury, medical expenses, and the cost of defending lawsuits related to such claims. General Liability insures against losses from bodily injury, personal injury and property damage related to non-medical practices. Umbrella/Excess Liability provides additional limits in excess of self-insured retentions and underlying coverages

- Limit per Medical Incident or per Occurrence and Aggregate: \$25,000,000
- Self-insured Retention (SIR):
 - \$2,000,000 per Professional Liability Claim / \$6,000,000 Aggregate
 - \$1,000,000 per General Liability Occurrence
- Underlying Coverages: Automobile Liability, Employers Liability, and Heliport Liability
- Combined Annual Premium: \$1,098,336 (**34.5% increase** over last year [\$816,367] in total)

Workers' Compensation and Employers Liability *

Kern Medical recommends renewing coverage for Workers' Compensation and Employers Liability with MidWest Employers Casualty Co.

- Insurance Carrier: MidWest Employers Casualty Co.
- A.M. Best Rating: A+ (Superior) XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy insures against losses from work-related bodily injury or disease and the common law liability of an employer for injuries sustained by employees
- Limit per Occurrence:
 - Workers' Compensation - Statutory
 - Employers Liability - \$2,000,000
- SIR: \$1,000,000
- Annual Premium: \$112,466 (**29.69% decrease** over last year [\$164,309])

Non-California Workers' Compensation and Employers Liability *

Kern Medical recommends renewing coverage for Workers' Compensation and Employers Liability with Travelers Casualty and Surety Company of America.

- Insurance Carrier: Travelers Casualty and Surety Company of America
- A.M. Best Rating: A++ (Superior) XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy insures against losses from work-related bodily injury or disease and the common law liability of an employer for injuries sustained by employees
- Limit per Occurrence:
 - Workers' Compensation - Statutory
 - Employers Liability - \$1,000,000
- SIR: \$1,000,000
- Annual Premium: \$581 (**34.94% decrease** over last year [\$893] including a 50% increase in payroll)

Automobile Liability *

Kern Medical recommends renewing coverage for Automobile Liability to insure 11 vehicles, 3 mobile clinics, and 3 trailers (1 cargo trailer and 2 security camera trailers), with coverage terms consistent with the expiring policy.

- Insurance Carrier: Travelers Casualty and Surety Company of America
- A.M. Best Rating: A++ (Superior) XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy insures against losses from automobile accident-related injuries and property damage, including Owned, Non-Owned and Hired Automobiles
- Limit per Occurrence: \$1,000,000
- Deductible: \$1,000 for both comprehensive and collision (where coverage applies)
- Physical Damage for Mobile Clinics would be placed through PRISM, included in the premium below

- Subject to \$15,000 Deductible for Vehicles Valued Under \$250,000
 - Subject to \$100,000 Deductible for Vehicles Valued Over \$250,000
 - Premium for this coverage (\$3,000) will be included in the Property Policy bound on 03/31/2025
- Annual Premium: \$52,975 (**115.26% increase** over last year [\$24,610] in total)
 - This includes the Auto Liability premium of \$49,975 and the PRISM Mobile Clinic coverage of \$3,000

While the option above represents the current renewal quote, the incumbent carrier, Philadelphia Indemnity Insurance Company, initially declined to offer renewal coverage for Kern Medical due to changes in their underwriting guidelines. Alliant has worked with Philadelphia to reconsider their position, and they have agreed to provide a quote. Their quote is not expected until the week of June 16, 2025. Based on preliminary discussions, we expect the alternate quote to offer better terms, primarily with respect to coverage of our mobile clinics, and a lower premium. Due to the timing of the renewal, Kern Medical intends to proceed with the more competitive option once received. The final selection will maintain the same coverage limits as outlined above.

Heliport Liability *

Kern Medical recommends binding Heliport Liability coverage through National Union Fire Insurance.

- Insurance Carrier: National Union Fire Insurance Company of Pittsburgh, PA
- A.M. Best Rating: A (Excellent) XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy insures against losses for injury to a third party or their property arising from the operation and maintenance of the hospital's helipad (e.g., damage caused to a vehicle from debris). The policy also protects the hospital against losses associated with non-owned aircraft (e.g., patient transport by helicopter)
- Limit per Occurrence and Aggregate: \$10,000,000
- Deductible: \$0
- Annual Premium: \$9,283 (**9.06% increase** over last year [\$8,512] in total)

Directors and Officers and Employment Practices Liability *

Kern Medical recommends renewing coverage for Directors and Officers Liability through Lloyd's of London (Beazley Syndicate).

- Insurance Carrier: Lloyd's Syndicate 2623/623 (Beazley)
- A.M. Best Rating: A (Excellent) XV
- Term: July 1, 2025 – July 1, 2026

Directors & Officers:

- Coverage: This policy provides financial protection for managers against the consequences of actual or "wrongful acts" when acting within the scope of their managerial duties
- Limit Each Wrongful Act Claim and Aggregate: \$5,000,000 (shared with EPLI)
- SIR: \$200,000 / \$0 Non-Indemnifiable Claims

Employment Practice Liability:

- Coverage: This policy insures against losses for wrongful acts, including wrongful termination, sexual harassment, discrimination, invasion of privacy, false imprisonment, breach of contract, and emotional distress
- Limit Each Wrongful Act Claim and Aggregate: \$5,000,000 (shared with D&O)
- SIR: \$500,000; \$750,000 for High Wage Earner/Physician (>= \$250K) & Mass/Class Action
- Annual Premium: \$171,243 (**0% change** over last year [\$171,243])

- Coverage is now structured with a shared \$5M limit between EPLI and D&O versus separate \$5M towers on the expiring program

Excess Directors & Officers/Employment Practice Liability:

- Insurance Carrier: TDC Specialty Insurance
- A.M. Best Rating: A (Excellent) XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy provides \$5,000,000 in excess coverage above the primary \$5,000,000 policy for total coverage of \$10,000,000
- Limit: \$5,000,000 Each Claim and Aggregate excess of \$5,000,000 underlying
- SIR: Subject to Underlying Policy SIR/Deductibles
- Annual Premium: \$102,044 (newly placed coverage for 2025)
- Total Annual Premium (Primary and Excess): \$273,287 (**59.59% change** over last year [\$171,243])

Healthcare Regulatory Coverage *

Kern Medical recommends the purchase of regulatory coverage through Certain Underwriters at Lloyd's of London.

- Insurance Carrier: Certain Underwriters at Lloyd's of London
- A.M. Best Rating: A [Excellent] XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy insures against billing errors and omissions, including but not limited to Medicare/Medicaid audits, whistleblower (QuiTam) actions, commercial payer audit defense coverage, HIPAA investigations originating from Office for Civil Rights, and incidents arising from alleged EMTALA violations
- Limit per Occurrence: \$5,000,000 (sublimit of \$2,500,000 for QuiTam actions)
- Deductible: \$250,000
- Annual Premium: \$97,116 (**3.80% increase** over last year [\$93,559])

Crime

Kern Medical recommends continued participation in the Crime insurance program offered by Public Risk Innovation, Solution, and Management (PRISM).

- Insurance Carrier: National Union Fire Insurance Company of Pittsburgh, PA (AIG), Berkley Insurance Company and Great American Insurance Company
- A.M. Best Rating: National Union (A [Excellent] XV); Berkley (A [Excellent] XV); Great American (A+ [Superior] XV)
- Term: June 30, 2025 – June 30, 2026
- Coverage: This policy insures against employee theft, robbery, forgery, extortion, and computer fraud
- Includes increased Impersonation Fraud sublimit of \$500k (was \$250k) for \$7,500
- Increased Limit per Occurrence: \$25,000,000
- Deductible: \$25,000
- Annual Premium: \$27,905 (**42.65% increase** over last year [\$19,562]; **6.40% increase** before increase in Impersonation Fraud sublimit)

Privacy and Security (Cyber) Liability

Kern Medical recommends continued participation in the Cyber insurance program offered by Public Risk Innovation, Solution, and Management (PRISM).

- Insurance Carrier: Primary program layer and breach notification through Lloyd's Syndicate 2623/623 (Beazley) and excess program layers through Lloyd's of London Syndicate 1686 (AXIS), Liberty Surplus Insurance Corporation (Ironshore), Houston Casualty Company (Tokio Marine), Indian Harbor Insurance

Company (AXA XL), Lloyd's of London Syndicate 1856 (Zurich Insurance Plc and IQUW), Safety Specialty Insurance Company (Safety National), and Munich Re Lloyd's Cyber Consortium 7729 (Much Re Syndicate 457, Nephila Syndicate, and Ren Re Syndicate), Westchester Insurance Company

- A.M. Best Rating: Lloyd's/Beazley (A [Excellent] XV); AXIS (A [Excellent] XV); Ironshore (A [Excellent] XV); Tokio Marine (A++ [Superior] XV); AXA XL (A+ [Superior] XV); Zurich (A+ [Superior] XV); IQUW (A [Excellent] XV); Safety National (A++ [Superior] XV); Much Re Lloyd's Cyber Consortium (A+ [Superior] XV)
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy insures against website media content liability (including cyber extortion, first party data protection and first party network business interruption) and privacy notification costs from data breaches in which patient and employee personal information, such as names, dates of birth, Social Security Numbers, credit card information, etc., is exposed and/or misappropriated
- Limit per Incident and Aggregate: \$20,000,000; \$750,000 for Business Interruption resulting from Security Breach, Cyber Extortion and Data Recovery Costs; 100,000 Notified Individuals for Breach Response
- SIR: \$100,000 and/or 100 Notified Individuals
- Annual Premium: \$352,028 (-**17.66% decrease** over last year [\$427,514])

Underground Storage Tank Liability *

Kern Medical recommends renewing Underground Storage Tank Liability insurance through Liberty Surplus Insurance Corporation for one underground storage tank containing 10,000 gallons of diesel fuel. Great American non-renewed coverage due to the tank's age, making it challenging to find an alternative, but Liberty Mutual/Ironshore is one of the few carriers willing to provide UST coverage for such an old tank, with the pricing below reflecting the minimum premium. The tank is scheduled for removal later this year.

- Insurance Carrier: Liberty Surplus Insurance Corporation
- A.M. Best Rating: A (Excellent) XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: Bodily Injury or Property Damage caused by a storage tank incident, incl. Corrective Action Costs and Legal Defense Expenses; satisfies Financial Responsibility
- Limit per Occurrence and Aggregate: \$1,000,000 / \$2,000,000
- Deductible: \$250,000
- Annual Premium: \$13,042 (**0% change** over last year [\$13,042])

Employed Lawyers *

Kern Medical recommends renewing Employed Lawyers Professional Liability coverage through National Fire & Marine Insurance Company (Berkshire)

- Insurance Carrier: National Fire & Marine Insurance Company (Berkshire)
- A.M. Best Rating: A++ (Superior) XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy provides professional liability coverage for three (3) employed lawyers and support staff from claims arising from their professional legal services
- Limit per Occurrence/Aggregate: \$1,000,000
- SIR: \$0 Non-Indemnified Person; \$5,000 Organization
- Annual Premium: \$2,580 (**0% change** over last year)

Fiduciary Liability *

Kern Medical recommends renewing Fiduciary Liability coverage through Hudson Insurance Company

- Insurance Carrier: Hudson Insurance Company
- A.M. Best Rating: A (Excellent) XV
- Term: July 1, 2025 – July 1, 2026

- Coverage: This policy provides coverage for the Defined Contribution Plan fiduciaries, as they can be held personally liable for losses to a benefit plan incurred because of their alleged errors or omissions or breach of their fiduciary duties
- Limit per Occurrence/Aggregate: \$3,000,000
- SIR: \$0 Non-Indemnifiable Losses of Covered Penalties; \$250,000 Class Action or Derivative Claim; \$50,000 All Other Losses
- Annual Premium: \$9,437 (**6.28% increase** over last year [\$8,879])

Kern Medical Surgery Center, LLC Fiduciary Liability *

Kern Medical recommends placing Fiduciary Liability coverage for Kern Medical Surgery Center, LLC through Hudson Insurance Company.

- Insurance Carrier: Travelers Casualty and Surety Company of America
- A.M. Best Rating: A++ (Superior) XV
- Term: July 1, 2025 – July 1, 2026
- Coverage: This policy provides coverage for the Defined Contribution Plan fiduciaries, as they can be held personally liable for losses to a benefit plan incurred because of their alleged errors or omissions or breach of their fiduciary duties
- Limit per Occurrence/Aggregate: \$1,000,000
- SIR: \$0 Non-Indemnifiable Losses of Covered Penalties
- Annual Premium: \$1,228 (**4.60% increase** over last year [\$1,174])

PRISM Risk Subsidy/Loss Control Funds

Kern Medical recommends placing \$15,000 in a Risk Subsidy/Loss Control Fund Account provided by PRISM. These funds were previously offered through Safety National. However, with the suggested move to MidWest as outlined above, the funds would not be provided. These funds are used for training seminars, training aids, loss control tools, and safety programs. The funds would be added to the PRISM Cyber and Crime premiums and included in the financing options outlined below.

Total Annual Premiums: \$2,065,244 without finance charges (as recommended; **16.15% increase** over last year)

The total premium increase is 16.15%, or \$287,205. The majority of this increase is driven by the Hospital Liability (HPL) and Excess Liability placements, which are facing severe market-wide pressure due to a sharp rise in litigation costs.

For HPL and Excess coverage, Kern Medical's premium reflects two major factors:

1. Our own claims history; and
2. The deteriorating state of the broader medical malpractice market, which has a larger influence this year.

The renewal premium is based on a credibility-weighted blend of an Experience-Rated Premium (based on Kern Medical's 10-year loss history), and an Exposure-Rated Premium (based on average costs for similar healthcare providers in California). These figures are combined to yield an actuarially indicated renewal premium.

While Kern Medical's claim's history is considered, the primary cause of this increase is an industry wide rise in high-cost claims.

Social Inflation and Nuclear Verdicts

The increase is part of a national trend known as "social inflation", which refers to growing corporate mistrust, erosion of tort reform, juror desensitization to larger awards and a pessimistic public sentiment toward institutions.

According to Marathon Strategies' 2025 report, "Corporate Verdicts Go Thermonuclear." The number of jury verdicts over \$10 million ("nuclear verdicts") numbered 135 in 2024, up 52% from 2023. The total value of these verdicts reached \$31.3 billion, a 116% increase year-over-year. Verdicts exceeding \$100 million ("thermonuclear verdicts") increased to 49 in 2024, with 5 cases exceeding \$1 billion. California saw 17 nuclear verdicts totaling \$6.9 billion. As a result, insurers are regularly paying out more for claims than they collect in premiums, causing premiums to increase.

Impact on Excess Layers

Historically, higher excess layers (coverage that comes into effect after the initial layer has been exhausted) rarely saw losses. That is no longer true. Large claims are now routinely reaching excess layers, increasing the risk and driving up the cost of this coverage. Excess insurers are now experiencing significant losses and are adjusting their pricing models accordingly.

Other Coverage Lines

The remaining premium increases are spread across other lines and are generally in line with market trends and budget expectations.

Strategic Market Efforts and Broker Partnership

Despite the challenging market conditions, the combined efforts of Kern Medical Legal, Risk Management, and Alliant Insurance Services helped minimize the impact of these increases.

Alliant, our broker since 2016, provided early warnings about the hardening Healthcare Liability market and worked closely with us to execute a strategic marketing program. This involved, engaging multiple insurers, leveraging national expertise from the Alliant Healthcare team and thoroughly evaluating competitive proposals.

Although we were warned about significant increases, the quotes we received were notably lower than the next best alternatives, confirming that the market was thoroughly tested and our approach was effective. Importantly, coverage limits and retention levels remain largely unchanged from last year.

Premium Financing

Kern Medical recommends financing the premiums as follows:

1. **PRISM** will provide in-house financing of Crime and Privacy and Security (Cyber) coverages for an additional fee not to exceed \$11,000 with the cost of coverage and financing split between 12 equal payments; the \$11,000 not to exceed number also includes financing of the Risk Subsidy Funds and Auto Physical Damage for Mobile Clinics which will be under the PRISM Property Program approved in March 2025; and
2. **AFCO Direct Capital Finance** will finance those coverages identified with an * symbol. Financing will be split between 12 equal, monthly payments (\$142,759.87), inclusive of a finance charge at a rate of 5.96%, for total payments not to exceed \$142,759.87 as set forth below:

Total Premium	\$1,667,311.11
1st Monthly/Down Payment	\$142,759.87
Amount financed	\$1,524,551.25
Finance charges (5.96%)	\$45,807.27
Total payments	\$1,570,358.52

Financing through AFCO Direct Capital Finance requires the signing of a separate Commercial Insurance Premium Finance – Promissory Note.

Attached for your ease of reference is a Proposed Program Summary and a Summary of Changes Per Policy Year from July 1, 2019 to the present.

Therefore, it is recommended that your Board approve the renewal and binding of insurance coverages effective June 30, 2025, with the option to finance selected premiums through PRISM and AFCO Direct Capital Finance, in an amount not to exceed \$2,122,052, authorize Chief Executive Officer to bind coverage, and authorize Chief Executive Officer to sign the Commercial Insurance Premium Finance – Promissory Note with AFCO Direct Capital Finance subject to approval as to form by Counsel.

Kern County Hospital Authority
Program Summary
7/1/2025 to 7/1/2026 - PROPOSED

[illegible]

Line of Coverage	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	24/25 to 25/26
1 HPL/GL/UMB/Excess	\$ 692,447	\$ 726,649	\$ 754,108	\$ 778,979	\$ 812,383	\$ 816,367	\$ 1,098,336	34.54%
2 Auto	\$ 15,983	\$ 18,362	\$ 20,819	\$ 20,667	\$ 21,789	\$ 24,610	\$ 52,975	115.26%
3 Heliport	\$ 6,441	\$ 7,403	\$ 8,143	\$ 6,960	\$ 7,918	\$ 8,512	\$ 9,283	9.06%
4 Premises Pollution	\$ 12,548	\$ 12,688	\$ 13,932	\$ 14,463	\$ 15,941	\$ 26,615	\$N/A - 2 yr	N/A%
5 UST	\$ 841	\$ 1,375	\$ 2,453	\$ 2,478	\$ 2,559	\$ 13,042	\$ 13,042	0.00%
6 D&O	\$ 29,408	\$ 39,197	\$ 46,405	\$ 59,230	\$ 63,146	\$ 68,497	\$ 68,497	0.00%
7 EPL	\$ 63,886	\$ 74,219	\$ 88,109	\$ 88,844	\$ 94,719	\$ 102,746	\$ 102,746	0.00%
8 Excess D&O/EPL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,044	New Placement
9 EWC	\$ 126,533	\$ 132,988	\$ 162,138	\$ 175,572	\$ 159,947	\$ 164,309	\$ 112,446	-31.56%
10 Non-CA WC						\$ 893	\$ 581	-34.94%
11 Crime	\$ 13,203	\$ 15,690	\$ 15,629	\$ 16,905	\$ 19,500	\$ 19,562	\$ 27,905	42.65%
12 Cyber/Excess/BBR	\$ 19,993	\$ 31,190	\$ 164,425	\$ 430,506	\$ 519,686	\$ 427,514	\$ 352,028	-17.66%
13 Employed Lawyers	\$ 1,764	\$ 2,594	\$ 2,597	\$ 2,597	\$ 2,597	\$ 2,580	\$ 2,580	0.00%
14 Fiduciary Liability	\$ 6,518	\$ 6,518	\$ 7,921	\$ 8,703	\$ 8,879	\$ 8,879	\$ 9,437	6.28%
15 KMSC Fiduciary Liability						\$ 1,174	\$ 1,228	4.60%
16 Regulatory Liability				\$ 80,180	\$ 90,969	\$ 93,560	\$ 97,116	3.80%
17 PRISM Risk Subsidy				\$ -	\$ -	\$ -	\$ 15,000	
Total	\$ 989,565	\$ 1,068,873	\$ 1,286,679	\$ 1,686,084	\$ 1,820,033	\$ 1,778,860	\$ 2,065,244	Total % Change 16.10%

Summary of Significant Changes Per Policy Year

1 HPL/GL/UMB/Excess	<p>For FY 19/20, coverages and SIR's remain the same for both HPL and GL</p> <p>For FY 20/21, coverages and SIR's remain essentially the same for both HPL and GL with the exception that an aggregate (per policy term) SIR of \$6M has been included.</p> <p>For FY 21/22, KCHA's longtime incumbent carrier exited the CA hospital market and coverage was placed with a new carrier and substantially the same terms and limits.</p> <p>For FY 22/23, coverages and retentions remain essentially the same.</p> <p>For FY 23/24, coverages and retentions remain essentially the same.</p> <p>For FY 24/25, coverages and retentions remain essentially the same.</p> <p>For FY 25/26, coverages and retentions remain essentially the same.</p>
2 Auto	<p>For FY 19/20, coverages and deductibles remain the same with the exception that a liability deductible of \$5k per claim was added and discovered after policy renewal.</p> <p>For FY 20/21, coverages and deductibles remain essentially the same.</p> <p>For FY 21/22, coverages and deductibles remain essentially the same; however, two (2) mobile vaccination units were added mid-term of FY 20/21 and continuing.</p> <p>For FY 22/23, coverages and deductibles remain essentially the same. Mid-term addition of trailer-mounted cameras resulted in a minor increase in premium.</p> <p>For FY 23/24, coverages and deductibles remain essentially the same.</p> <p>For FY 24/25, coverages and retentions remain essentially the same. Rate increase is consistent with market.</p> <p>For FY 25/26, coverage was non-renewed by incumbent. Extensive marketing found Travelers & PRISM to be best option.</p>
3 Heliport	<p>No changes had been made to this coverage since FY 16/17.</p> <p>For FY 22/23, the incumbent carrier increased premiums again and an alternate carrier offered greater coverage (\$10M incidental MedMal and Products/Completed Operations) with all other limits and retentions staying the same but at a lesser cost.</p> <p>For FY 23/24, coverages and deductibles remain essentially the same.</p> <p>For FY 24/25, coverages and retentions remain essentially the same.</p> <p>For FY 25/26, coverages and retentions remain essentially the same.</p>
4 Premises Pollution	<p>For FY 19/20, incumbent offered renewal terms with unfavorable coverage limitations and exclusions resulting in an action to place coverage with a competing carrier offering coverage and pricing similar to expiring.</p> <p>For FY 20/21, coverages and deductibles remain essentially the same.</p> <p>For FY 21/22, incumbent carrier offered renewal terms but at a 55% increase; secured alternative with a smaller increase and similar terms and conditions but with a \$100k mold deductible.</p> <p>For FY 22/23, terms reflect coverage is excess to other collectible insurance. Emergency and crisis management costs are no longer excluded for construction activities.</p> <p>For FY 23/24, coverages and deductibles remain essentially the same.</p> <p>For FY 24/25, coverage and deductibles remain essentially the same. Policy is now a 2-year term.</p> <p>For FY 25/26, Policy is now a 2-year term, renewing 7/1/2026</p>

5 UST	<p>For FY 19/20, an audit of storage tanks revealed an additional two not previously disclosed to the carrier and needed to be added.</p> <p>For FY 20/21, the addition of a temporary above-ground storage tank resulted in a premium increase.</p> <p>For FY 21/22, the prior policy was cancelled/rewritten to align with other policy periods</p> <p>For FY 22/23, coverages and deductibles remain essentially the same.</p> <p>For FY 23/24, coverages and deductibles remain essentially the same.</p> <p>For FY 24/25, coverage is moved to a new carrier due to prior carrier non-renewal due the age of the UST.</p> <p>For FY 25/26, coverage is renewed with incumbent carrier due the age of the UST and planned removal.</p>
6 D&O	<p>For FY 19/20, the incumbent carrier offered unfavorable renewal terms resulting in a change of carrier including coverage and terms.</p> <p>For FY 20/21, coverages and deductibles remain essentially the same; however, an increase in claim frequency has resulted in an unfavorable increase in premium.</p> <p>For FY 21/22, continued claims frequency and market conditions resulted in an unfavorable increase in both premiums and terms. Specifically, the primary retention increased from \$100k to \$200k, the anti-trust retention increased from \$250k to \$350k and KCHA must consult with carrier's counsel before a layoff of 100 or more individuals within a 60 day period.</p> <p>For FY 22/23, anti-trust retention increased from \$350k to \$500k and co-insurance for anti-trust increased from 0% to 10% as a result of unfavorable market conditions.</p> <p>For FY 23/24, sublimit for immigration practices increased from \$50k to \$100k. Endorsement regarding layoffs added in FY 21/22 has been eliminated. No other substantial changes.</p> <p>For FY 24/25, coverages and retentions remain essentially the same.</p> <p>For FY 25/26, coverage moved from a split \$5M DO/\$5M EPL to a \$5M shared limit. As such a \$5Mxs\$5M policy was added.</p>
7 EPL	<p>For FY 19/20, the incumbent carrier offered unfavorable renewal terms resulting in a change of carrier including coverage and terms.</p> <p>For FY 20/21, coverages and deductibles remain essentially the same; however, an increase in claim frequency has resulted in an unfavorable increase in premium.</p> <p>For FY 21/22, continued claims frequency and market conditions has resulted in both an unfavorable increase in premiums and terms. Specifically, a higher retention of \$750k (vs. \$500k) for high wage earners (>\$150K) and a retention of \$750k (vs. \$500k) now applies to any mass/class action. Additionally, KCHA must consult with carrier's counsel before a layoff of 100 or more individuals within a 60 day period.</p> <p>For FY 22/23, coverages and deductibles remain essentially the same.</p> <p>For FY 23/24, high wage earner threshold retention increased from \$150k annual earnings to \$250k. Provider selection retention increased from \$500k to \$750k to match Physician High Wage retention. No other substantial changes.</p> <p>For FY 24/25, coverages and retentions remain essentially the same.</p> <p>For FY 25/26, coverage moved from a split \$5M DO/\$5M EPL to a \$5M shared limit, as such a \$5M xs\$5M policy was added.</p>
9 EWC	<p>For FY 19/20, coverages and SIR remained the same with the incumbent carrier.</p> <p>For FY 20/21, coverages and SIR remain essentially the same.</p> <p>For FY 21/22, a modest base rate increase of 4% occurred; however, the majority of the premium increase was a direct result of the additional payroll added by the transfer of many Cantu employees to KCHA.</p> <p>For FY 22/23, coverages and SIR remain essentially the same. Payroll continues to increase and so the premium commensurates with any increases in payroll.</p> <p>For FY 23/24, coverages and SIR remain essentially the same. Claim frequency and severity remain low and existing claims are noted to be favorably managed resulting in a negotiated net premium decrease despite a continued increase in payroll.</p> <p>For FY 24/25, coverages and SIR remain essentially the same. Claim frequency and severity remain low and existing claims are noted to be favorably managed resulting in a negotiated net rate decrease. Premium increase is due to increase in payroll exposures (payroll increased 20.3%)</p> <p>For FY 25/26, coverages was moved from SNCC to MidWest due to improved rate resulting in a significant premium savings. Employers Liability limit reduced from \$5M to \$2M.</p>
10 Non-CA WC	<p>For FY 24/25, new placement for 2024.</p> <p>For FY 25/26, coverages and deductibles remain essentially the same.</p>
11 Crime	<p>No significant changes have been made to this coverage since FY 16/17.</p> <p>For FY 22/23, PRISM now includes an exclusion for losses resulting directly from a cyberextortion event.</p> <p>For FY 23/24, program details have not yet been finalized; however, coverages and deductible is assumed to remain the same as expiring. Premium is reflected as a not-to-exceed number.</p> <p>For FY 24/25, PRISM offered an additional \$5M in coverage for a modest increase.</p> <p>For FY 25/26, PRISM offered coverages and SIR that remain essentially the same. Larger premium increase is due to optional sublimit increase for Impersonation Fraud (\$250k to \$500k)</p>

12 Cyber/Excess/BBR	<p>For FY 19/20, higher limits and multiple broadening of coverages occurred</p> <p>For FY 20/21, overall limits increased with additional excess layers of coverage resulting in a premium increase also due to the presentation of a claim in FY 19/20</p> <p>For FY 21/22, a significant premium increase occurred as a result of both KCHA's cyber claim as well as the claims of other program members, market conditions, and claims within the public sector. Additionally, while total limits remained the same, many changes to sublimits became applicable including \$750k for cyber extortion, business interruption for security breach, and data recovery costs. Bricking sublimit increased from \$75k to \$100k. Primary retention increased from \$50k to \$100k. Extensive efforts were made to find a comparable program with more competitive pricing; however, both claims activity and market hardening provided no viable options.</p> <p>For FY 22/23, cyber market remained extremely hard; however, coverages were placed timely. Extensive marketing of the Cyber Risk revealed placement in the PRISM program provided the greatest amount of coverage and the best pricing.</p> <p>For FY 23/24, PRISM continues to negotiate renewal coverages and terms. It is believed that total coverage may increase to \$16 million per member. Member entities advised to budget high with the premium reflected above as a not-to-exceed. Current market conditions and capacity severely restricts, if not eliminates, KCHA's ability to obtain standalone coverage with similar coverages, limits and terms. PRISM program details are not expected to be released before KCHA's June Board meeting or finalized until after July 1.</p> <p>For FY 24/25, higher limits and multiple broadening of coverages occurred with a premium decrease.</p> <p>For FY 25/26, higher limits and multiple broadening of coverages occurred with a premium decrease.</p>
13 Employed Lawyers	<p>No changes had been made to this coverage since FY 16/17.</p> <p>For FY 20/21, the addition of an employed lawyer resulted in a modest increase in premium.</p> <p>For FY 21/22, there were no significant changes in terms or coverages with the exception of an increase in retention from \$5k to \$25k for regulatory defense costs.</p> <p>For FY 22/23, coverages and deductibles remain essentially the same.</p> <p>For FY 23/24, coverages and deductibles remain essentially the same.</p> <p>For FY 24/25, coverages and deductibles remain essentially the same with a new carrier.</p> <p>For FY 25/26, coverages and deductibles remain essentially the same.</p>
14 Fiduciary Liability	<p>For FY 18/19, added 401(A) Plan though there was no charge until next term.</p> <p>For FY 19/20, Post Employment Health Plan added which increased premium along with 401(A) by \$500.</p> <p>For FY 20/21, coverages and deductibles remain essentially the same.</p> <p>For FY 21/22, carrier instituted a new sublimit of \$3M for class action and derivative and a new separate retention of \$250k for class action or derivative claims.</p> <p>For FY 22/23, coverages and deductibles remain essentially the same.</p> <p>For FY 23/24, coverages and deductibles remain essentially the same.</p> <p>For FY 24/25, coverages and deductibles remain essentially the same.</p> <p>For FY 25/26, coverages and deductibles remain essentially the same.</p>
15 KMSC Fiduciary Liability	<p>For FY 24/25, new placement for 2024.</p> <p>For FY 25/26, coverages and deductibles remain essentially the same.</p>
16 Regulatory Liability	<p>For FY 22/23, coverage was recommended as a new placement with no prior stand-alone coverage in existence.</p> <p>For FY 23/24, coverages and deductibles remain essentially the same.</p> <p>For FY 24/25, coverages and deductibles remain essentially the same.</p> <p>For FY 25/26, coverages and deductibles remain essentially the same.</p>
17 PRISM Risk Subsidy	<p>For FY 25/26, new addition for 2025, following lost funds from EWC placement change.</p>

Beginning FY 20/21, property, including earthquake, is not illustrated within this matrix as coverage for these policies require renewal in March of each respective year. Effective March 2020 and continuing annually, the Board was presented with specifics and recommendations for these coverages separately.

PREMIUM FINANCE AGREEMENT-PROMISSORY NOTE

660 Newport Center Drive, Suite 1050 Newport Beach, California 92660
Phone 877-226-5456 www.afcodirect.com

Quote Number
2803955.1

Agent/Broker/Producer (Name and Address)
Alliant Insurance Services, Inc. - Bay Area
560 Mission Street, 6th Floor
San Francisco, CA 94105

Telephone Number: 925-287-7263 Agency Code: ALLIANT-W07

Insured (Name and Address as shown on the policy(ies) including all insureds covered by the policies below)
Kern County Hospital Authority
1700 Mount Vernon Ave
Bakersfield, CA 93306

Telephone Number: 661-326-2000

Creditor: AFCO Acceptance Corporation			Federal Truth In Lending Disclosures		
(A) Total Premiums	(B) Down Payment	(C) Amount Financed (The amount of credit provided to you or on your behalf)	(D) FINANCE CHARGE (The dollar amount the credit will cost you)	(E) Total of Payments (The amount you will have paid after you have made all payments as scheduled)	(F) ANNUAL PERCENTAGE RATE (The cost of your credit as a yearly rate)
\$1,667,311.11	\$142,759.87	\$1,524,551.25	* \$45,807.27	\$1,570,358.52	5.96%
Your PAYMENT SCHEDULE will be: Monthly			*Includes a minimum finance charge of \$25.00	If the borrower under this Agreement is a consumer, you will receive an Itemization of the Amount Financed.	
No. of Payments		Amount of Payments	When Payments are Due		
11		\$142,759.87	On the 1st day of the month, beginning 8/1/2025		
Security: You are giving a security interest in any and all unearned or return premium(s) and dividends which may become due under the policy(ies) being purchased. Late Charge: You will be charged 5% of the payment, subject to a minimum charge of \$1.00 on any payment received more than 10 days after the due date. Prepayment: If you voluntarily prepay in full prior to the last installment due date you will not be charged a prepayment fee and you may be entitled to a refund of part of the finance charge in the manner provided by Section 18637 of the Financial Code. See Above and on the last page of this document for any additional information about non-payment default, any repayment in full before the scheduled date, and prepayment refunds and penalties.					

SCHEDULE OF POLICIES

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Address of General or policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
Audit= N Min Ernd= 0% AddCxlDays= 0	7/1/2025	MAG Mutual Insurance Company PO Box 52979 Atlanta, GA 30355	HOSPITAL PROFESSIONAL LIABILITY	12	\$789,485.00
Insured acknowledges that upon satisfactory completion of this Agreement the undersigned Agent will receive from AFCO \$0.00 for the origination and administration of this Agreement.			Ref. Tax/Fee:		\$23,684.55
			Non-Ref. Tax/Fee:		\$1,421.07

In consideration of the payment(s) to be made by AFCO ACCEPTANCE CORPORATION ("AFCO") to the above insurance company(ies) ("Insurer(s)"), either directly or through your or their agents, representatives, or producer, the above-named insured ("Insured") (jointly and severally if more than one):

1) PROMISE OF PAYMENT: Promises to pay to the order of AFCO at the above address or any address AFCO may designate, the Total of Payments in accordance with the Payment Schedule set forth in the above Truth-in-Lending Disclosures as well as any other sums due pursuant to this Agreement. No additional authority, acts, approvals or licenses are or will be necessary as a prerequisite to the enforceability of this Agreement. AFCO may, at its option, pay loan proceeds to any agent, broker, general agent, managing general agent or insurer set forth herein. Payments to AFCO are deemed made only upon receipt in good funds. Checks are accepted, subject to collection

(2) SECURITY INTEREST AND POWER OF ATTORNEY: Irrevocably appoints AFCO as Attorney-In-Fact with full authority to affect cancellation of the policies covered hereby or any substitution, rewrite or renewal thereof in accordance with the provisions herein, to receive all sums assigned to AFCO or in which it has granted AFCO a security interest. AFCO may execute and deliver on behalf of the Insured all documents, forms and notices relating to the policies covered hereby in furtherance of this Agreement. The Power of Attorney is coupled with an interest and the powers given herein may be exercised by the Attorney-In-Fact, or its successors and assigns.

(3) RECEIPT OF AGREEMENT AND PRIVACY NOTICE: Acknowledges that it has received a copy of all pages of this Agreement and if the borrower is a consumer, the Insured acknowledges that he has received a copy of AFCO's Privacy Statement.

NOTICE: 1. DO NOT SIGN THIS AGREEMENT BEFORE YOU READ IT OR IF IT CONTAINS ANY BLANK SPACE. 2. YOU ARE ENTITLED TO A COMPLETELY FILLED-IN COPY OF THIS AGREEMENT. 3. UNDER THE LAW, YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT AND UNDER CERTAIN CONDITIONS TO OBTAIN A PARTIAL REFUND OF THE SERVICE CHARGE.

INSURED AGREES TO THE TERMS SET FORTH ABOVE AND ON ALL PAGES OF THIS AGREEMENT

Kern County Hospital Authority

Insured

INSURED'S NAME

SIGNATURE OF THE INSURED OR AUTHORIZED REPRESENTATIVE

TITLE

DATE

INSURED'S NAME

SIGNATURE OF THE INSURED OR AUTHORIZED REPRESENTATIVE

TITLE

DATE

AGENT/BROKER/PRODUCER WARRANTIES AND REPRESENTATIONS

The undersigned warrants and agrees: 1. The policies listed in the Schedule of Policies are in full force and effect, and the information and the premiums are correct. 2. The Insured has received a copy of this Agreement, has authorized this transaction and recognizes the security interest assigned herein. 3. To hold in trust for AFCO any payments made or credited to the Insured through or to the undersigned, directly or indirectly, actually or constructively by the insurance companies, their representatives or AFCO and to pay the monies as well as any unearned commissions to AFCO upon demand to satisfy the outstanding indebtedness of the Insured. 4. Any lien the undersigned has or may acquire in the return premiums arising out of the listed insurance policies is subordinate to AFCO's lien or security interest therein. 5. The policies comply with AFCO's eligibility requirements. 6. No audit or reporting form policies, policies subject to retrospective rating or minimum earned premium are included. 7. The deposit or provision premiums are not less than anticipated premiums to be earned for the full term of the policies. 8. The policies can be cancelled by the Insured and the unearned premiums will be computed on the standard short-rate or pro-rata table. 9. A proceeding in bankruptcy, receivership, or insolvency has not been instituted by or against the named Insured borrower. 10. That it has received the down payment and any other sums due as required by the Agreement and is holding same or they are attached to this Agreement. 11. No additional authority, acts, approvals or licenses are or will be necessary as a prerequisite to the enforceability of this Agreement. 12. AFCO will rely upon these representations in determining whether to accept this Agreement.

THE UNDERSIGNED FURTHER WARRANTS THAT IT HAS RECEIVED THE DOWN PAYMENT AND ANY OTHER SUMS DUE AS REQUIRED BY THE AGREEMENT AND IS HOLDING SAME OR THEY ARE ATTACHED TO THIS AGREEMENT

Alliant Insurance Services, Inc. - Bay A

Agent

AGENT OR BROKER

SIGNATURE OF AGENT OR BROKER

TITLE

DATE

FOR INFORMATION CONTACT THE DEPARTMENT OF FINANCIAL INSTITUTIONS, STATE OF CALIFORNIA

(4) **ASSIGNMENT OF SECURITY INTEREST AND POWER OF ATTORNEY:** The Insured assigns and hereby gives a security interest to AFCO as collateral for the total amount payable in this Agreement and any other past, present or future extension of credit: (a) any and all unearned premiums or dividends which may become payable for any reason under all insurance policies financed by AFCO, (b) loss payments which reduce the unearned premiums, subject to any mortgagee or loss payee interests and (c) any interest in any state guarantee fund relating to any financed policy. If any circumstances exist in which all premiums related to any policy could become fully earned in the event of any loss, AFCO shall be named a loss-payee with respect to such policy. AFCO at its option may enforce payment of this debt without recourse to the security given to AFCO. The Insured irrevocably appoints AFCO as its attorney in fact with full authority to (i) cancel all insurance financed by AFCO for the reason set forth in paragraph 13, whether pursuant to this or any other agreement, (ii) receive all sums hereby assigned to AFCO and (iii) execute and deliver on the Insured's behalf all documents, instruments of payment, forms and notices of any kind relating to the insurance in furtherance of this Agreement.

(5) **WARRANTY OF ACCURACY:** The Insured (i) warrants that all listed insurance policies have been issued to it and are in full force and effect and that it has not and will not assign any interest in the policies except for the interest of mortgagees and loss payees; (ii) authorizes AFCO to insert or correct on this Agreement, if omitted or incorrect, the insurer's name, the policy numbers, and the due date of the first installment and to correct any obvious errors; and (iii) authorizes AFCO to correct or remedy any error or omission in the completion of this Agreement. In the event of any such change, correction or insertion, or of any change in Blocks (A) thru (F), or in the Federal Truth-In-Lending Disclosures or in the Itemization of the Amount Financed Disclosures the Insured will be notified at the address shown hereon.

(6) **REPRESENTATION OF SOLVENCY:** The Insured represents that it is not insolvent or the subject of any insolvency proceeding.

(7) **ADDITIONAL PREMIUMS:** The money paid by AFCO is only for the premium as determined at the time the insurance policy is issued. AFCO's payment shall not be applied by the insurance company to pay for any additional premiums owed by the Insured resulting from any type of misclassification of the risk. The Insured shall pay to the insurer any additional premiums or any other sums that become due for any reason. The Insured agrees that, in the event the total premiums are greater than that shown hereon, or if the Insured requests additional premiums be added or additional premiums financed, this Agreement may be amended to reflect the actual premiums and the Insured will either (i) pay the difference in premium due or (ii) pay any required additional down payment and any additional finance charge permitted by law. In such event AFCO will forward the Insured a revision notice showing all information required by law. If AFCO assigns the same account number to any additional extension or extensions of credit, (i) this Agreement and any agreement or agreements identified by such account number shall be deemed to comprise a single and indivisible loan transaction, (ii) any default with respect to any component of such transaction shall be deemed a default with respect to all components of such transaction and (iii) any unearned premiums relating to any component of such transaction may be collected and applied by AFCO to the totality of such transaction.

(8) **SPECIAL INSURANCE POLICIES:** If the insurance policy is auditable or is a reporting form policy or is subject to retrospective rating, then the Insured promises to pay to the insurance company the earned premium computed in accordance with the policy provisions which is in excess of the amount of premium advanced by AFCO which the insurance company retains.

(9) **FIRST NAMED INSURED:** If the insurance policy provides that the first named insured in the policy shall be responsible for payment of premiums and shall act on behalf of all other insureds regarding the policy, then the same shall apply to this Agreement and the Insured represents that it is authorized to sign on behalf of all insureds. If not, then all insureds' names must be shown on this Agreement unless a separate agreement appoints an insured to act for the others.

(10) **FINANCE CHARGE:** The finance charge shown in Block D begins to accrue as of the earliest policy effective date and that the rate of charge for a loan not exceeding \$2,499.99 shall not exceed: (a) 2% per month on the part of the unpaid principal balance not exceeding \$1000; 1% per month of any remainder of such unpaid balance in excess of \$1000; or (b) 1.6% per month of the unpaid principal balance. All other rates of charge shall be agreed upon by the parties to the contract.

(11) **AGREEMENT BECOMES A CONTRACT:** This Agreement becomes a binding contract when AFCO mails the Insured its written acceptance and is not a contract until such time. The Insured agrees that (i) this Agreement may be transmitted by facsimile, E-mail or other electronic means to AFCO, (ii) any such transmitted Agreement shall be deemed a fully enforceable duplicate original document and (iii) such Agreement, when accepted by AFCO, shall constitute a valid and enforceable contract.

(12) **DEFAULT AND DISHONORED CHECK CHARGES:** If the Insured is late in making a loan payment to AFCO by more than the number of days specified by law the Insured will pay to AFCO a delinquency charge equal to the maximum charge permitted by law. If a check is dishonored, AFCO may re-present the check electronically and collect a service fee not to exceed the lesser of \$25 or the amount permitted by law.

(13) **CANCELLATION:** AFCO may cancel all insurance policies financed by AFCO after giving statutory notice and the full balance due to AFCO shall be immediately payable if the Insured does not pay any installment according to the terms of this or any other Agreement with AFCO. Payment of unearned premiums shall not be deemed to be payment of installments to AFCO, in full or in part.

(14) **CANCELLATION CHARGES:** If AFCO cancels any insurance policy in accordance with the terms of this Agreement the Insured will pay AFCO a cancellation charge, if permitted, up to the limit specified by law.

(15) **MONEY RECEIVED AFTER NOTICE OF CANCELLATION:** Any payments made to AFCO after mailing of AFCO's Notice of Cancellation may be credited to the Insured's account without affecting the acceleration of this Agreement and without any liability or obligation to request reinstatement of a canceled policy. In the event that AFCO requests, on the Insured's behalf, reinstatement of the policy, such request does not guarantee that coverage will be reinstated. Any money AFCO receives from an insurance company shall be credited to the amount due AFCO with any surplus paid over to whomever it is entitled. No refund of less than \$1.00 shall be made. In case of a deficiency, the Insured shall remain liable and pay the same with interest as set forth above.

(16) **ATTORNEY FEES - COLLECTION EXPENSE:** If, for collection, this Agreement is referred to an attorney and/or other party who is not a salaried employee of AFCO, the Insured agrees to pay any reasonable attorney fees and costs as well as other reasonable collection expenses, as permitted by law or granted by the court.

(17) **PREPAYMENT AND REFUND CREDITS:** The Insured may voluntarily prepay the full amount due and may be entitled to receive a partial refund of the FINANCE CHARGE in accordance with Section 18629 of the Financial Code. If payment in full is made during the first three months and 15 days after the earliest policy effective date as shown on the front of the contract, AFCO will compute a finance charge by multiplying the agreed rate of charge as stated at the end of this Agreement by the unpaid principal balances for the number of days from the earliest policy effective date to the date of prepayment in full. AFCO will apply each payment made by the Insured, first to finance charge and then to principal. PR will then subtract this actual finance charge from the finance charge shown in Box D of the contract to obtain the refund credit. If prepayment in full is made more than three months and 15 days after the earliest policy effective date, the refund credit will be computed by the Rule of 78s method. If payment of the unpaid balance is accelerated for any reason, AFCO will make the same refund or credit as would be required if the loan was paid in full on the date of acceleration. The unpaid balance remaining after subtracting the refund or credit will be treated as the unpaid balance and thereafter the unpaid balance of the loan shall bear charges at the agreed rate of charge of the end of this Agreement, until PR is actually paid in full, notwithstanding any cancellation of coverage. If AFCO issues a Notice of Cancellation, AFCO may recalculate the total finance charge payable pursuant to this Agreement, and the Insured agrees to pay interest on the Amount Financed set forth herein, from the first effective date of coverage, at the highest lawful rate of interest.

(18) **INSURANCE AGENT OR BROKER:** The insurance agent or broker named in this Agreement is the Insured's agent, not AFCO's and AFCO is not legally bound by anything the agent or broker represents to the Insured orally or in writing. AFCO has not participated in the choice, placement, acquisition or underwriting of any financed insurance. Any disclosures made by the agent are made in its capacity as the Insured's agent and AFCO makes no representations with respect to the accuracy of any such disclosures.

(19) **NOT A CONDITION OF OBTAINING INSURANCE:** This Agreement is not required as a condition of obtaining insurance coverage.

(20) **SUCCESSORS AND ASSIGNS:** All legal rights given to AFCO shall benefit AFCO's successors and assigns. The Insured will not assign this Agreement and/or the policies without AFCO's written consent except for the interest of mortgagees and loss payees.

(21) **LIMITATION OF LIABILITY - CLAIMS AGAINST AFCO:** The Insured hereby irrevocably waives and releases AFCO from any claims, lawsuits and causes of action which may be related to any prior loans and/or to any act or failure to act prior to the time that this Agreement becomes a binding contract, pursuant to paragraph 11. AFCO's liability for breach of any of the terms of this Agreement or the wrongful exercise of any of its powers shall be limited to the amount of the principal balance outstanding, except in the event of gross negligence or willful misconduct. Any claims against AFCO shall be litigated exclusively in the Supreme Court of the State of New York, County of New York.

(22) **DISCLOSURE:** The insurance company or companies and their agents, any intermediaries and the insurance agent or broker named in this Agreement and their successors are authorized and directed to provide AFCO with full and complete information regarding all financed insurance policy or policies, including, without limitation, the status and calculation of unearned premiums.

(23) **ENTIRE DOCUMENT - GOVERNING LAW - ENFORCEMENT VENUE:** This document is the entire agreement between AFCO and the Insured and can only be changed in a writing signed by both parties except as stated in paragraph (5). The laws of the state indicated in the Insured's address as set forth herein will govern this Agreement. AFCO may, at its option, prosecute any action to enforce its rights hereunder in the Supreme Court of the State of New York, County of New York, and the Insured (i) waives any objection to such venue and (ii) will honor any order issued by or judgment entered in such Court.

(24) **WAIVER OF SOVEREIGN IMMUNITY:** The Insured hereby certifies that it is empowered to enter into this Agreement without any restrictions and that the individual signing it has been fully empowered to do so. To the extent that the Insured either possesses or claims sovereign immunity for any reason, such sovereign immunity is expressly waived and the Insured agrees to be subject to the jurisdiction of the laws and courts set forth in the preceding paragraphs.

ADDENDUM TO PREMIUM FINANCE AGREEMENT – PROMISSORY NOTE

SCHEDULE OF POLICIES

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Address of General or policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
Audit= N Min Ernd= 0% AddCxlDays= 0	7/1/2025	MedPro RRG Risk Retention Group PO Box 28300 New York, NY 10087	HOSPITAL PROFESSIONAL LIABILITY Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$273,900.00 \$8,250.00 \$495.00
Audit= N Min Ernd= 0% AddCxlDays= 10	7/1/2025	The Travelers Casualty Company Premium Finance Unit One Tower Square, Mail Code GS06 Hartford, CT 06104	AUTO LIABILITY Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$50,556.00 \$0.00 \$0.00
Audit= N Min Ernd= 0% AddCxlDays= 10	7/1/2025	Union National Fire Insurance Co 12115 Lackland Rd St. Louis, MO 63146	HELIPAD LIABILITY Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$9,283.00 \$0.00 \$0.00
Audit= N Min Ernd= 0% AddCxlDays= 0	7/1/2025	Midwest Employers Casualty Company 14755 N Outer Forty Dr Ste 300 Chesterfield, MO 63017	WORKERS COMP Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$112,466.00 \$0.00 \$0.00
Audit= N Min Ernd= 0% AddCxlDays= 0	7/1/2025	Beazley Insurance Company Inc AmWins Brokerage 444 S. Flower St. 45th Fl Los Angeles, CA 90071	DIRECTORS & OFFICERS Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$165,965.00 \$4,978.95 \$298.74
Audit= N Min Ernd= 0% AddCxlDays= 0	7/1/2025	TDC Specialty Insurance Company AmWins Brokerage 444 S. Flower St. 45th Fl Los Angeles, CA 90071	EXCESS D & O Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$98,899.00 \$2,966.97 \$178.02
Audit= N Min Ernd= 0% AddCxlDays= 10	7/1/2025	Underwriters at Lloyds London (IL) AmWins Brokerage 21550 Oxnard St Ste 1100 Woodland Hills, CA 91367	EMPLOYMENT PRACTICES LIABILITY INS. (EPLI) Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$94,073.00 \$2,822.19 \$219.33
Audit= N Min Ernd= 0% AddCxlDays= 0	7/1/2025	National Fire & Marine Insurance Co AmWins Brokerage 444 S. Flower St. 45th Fl Los Angeles, CA 90071	LAWYER PROF LIABILITY Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$2,580.00 \$0.00 \$0.00
Audit= N Min Ernd= 0% AddCxlDays= 10	7/1/2025	Hudson Insurance Company PO Box 6818 Scranton, PA 18505	FIDUCIARY Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$9,437.00 \$0.00 \$0.00

ADDENDUM TO PREMIUM FINANCE AGREEMENT – PROMISSORY NOTE

SCHEDULE OF POLICIES

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Address of General or policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
Audit= N Min Ernd= 25% AddCxlDays= 0	7/1/2025	The Travelers Casualty Company Premium Finance Unit One Tower Square, Mail Code GS06 Hartford, CT 06104	FIDUCIARY Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$1,228.00 \$0.00 \$0.00
Audit= N Min Ernd= 0% AddCxlDays= 10	7/1/2025	Liberty Surplus Insurance Corporation 175 Berkeley St, Mailstop 3E Boston, MA 02117	UNDERGROUND STORAGE TANK Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$12,000.00 \$379.80 \$682.79
Audit= N Min Ernd= 0% AddCxlDays= 0	7/1/2025	WCF Mutual Insurance Company 100 W Towne Ridge Pkwy (9620 S) Sandy, UT 84070	WORKERS COMP Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$1,080.00 \$0.00 \$0.00
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		



Recurring ACH Debit Authorization Form

Please complete this fillable digital form to have your payments automatically debited from your account listed below. Email the completed form to your Agent/Broker with your signed PFA. Or email directly to AFCO Direct at payments@afcodirect.com. If you need to print this form, please fax to 877.226.5297.

Name: Kern County Hospital Authority
Address: 1700 Mount Vernon Ave Bakersfield, CA 93306
Phone: 661-326-2000
Quote or Account # 2803955.1

Account Holder Name: _____

Bank Name: _____

Account Type: Checking ☐ Savings ☐

Routing Number: _____

Account Number: _____



Payment Confirmation Email Address: _____

PLEASE ATTACH A VOIDED CHECK FOR ACCOUNT VERIFICATION & CONFIRMATION PURPOSES. It is agreed that you hereby authorize AFCO Direct to initiate an automatic debit to the financial account indicated (and authorize said financial institution to honor such debit) for any and all installments due under the AFCO Direct quote or account number listed above. It is further agreed that any additional fees, including but not limited to, late fees, non-sufficient funds fees and cancellations fee, will also be charged and debited from the indicated account should they accrue during the term of the loan. The debited installment amount is subject to change in the event of the financing of an additional premium or the crediting of an endorsement refund to the original PFA which has been processed to your existing account. You further understand, agree and affirm that: (1) the information you have provided above is correct and accurate; (2) you are authorized to enter into this agreement and are the signer on the above account; (3) funds will be available to cover the amount of the existing obligation on the payment due date or the business day prior to the due date should the due date fall on a weekend or holiday; (4) this authorization will remain in full force and effect until either (a) you request termination of this agreement by providing AFCO Direct written notice of the desire to terminate automatic ACH debit fifteen (15) days prior to desired termination date at the address or email below and/or (b) you receive written notification from AFCO Direct of termination resulting from the rejection of an ACH debit due to NSF or a closed account. AFCO Direct reserves the right to remove this ACH Debit Authorization at its sole discretion should an ACH debit be returned as unpaid for any reason, but AFCO Direct reserves its right to reestablish future ACH debits based on this authorization unless this authorization has been terminated as outlined above; (5) You may authorize changes to the bank account to be debited, authorize the extension of this document to additional AFCO Direct accounts or quotes, and authorize its use to ACH debit for the Down Payment on the indicated quote or account or any subsequent authorized quote or account, provided that authorization is granted in writing (an email request is deemed an acceptable notification in writing). You are authorizing AFCO Direct to act upon such request, without the necessity of an additional ACH Debit Authorization form; (6) Please check below if you wish for AFCO Direct to initiate an ACH Debit for the Down Payment on your quote/account. Do not provide this authorization if you have or intend to send the Down Payment directly to your authorized Insurance Agent. You hereby grant to your authorized Insurance Agent a limited attorney-in-fact to authorize AFCO Direct to initiate an ACH Debit for your Down Payment, either through use of the check box below or with their written instruction to AFCO Direct (an email request from your Insurance Agent to AFCO Direct is deemed an acceptable notification in writing).

* ☐ *****
* I INCLUDE DOWN PAYMENT. By checking this box, you authorize AFCO Direct to initiate an ACH debit for your down payment and you are
* confirming you have not issued, nor do you intend to issue, the down payment directly to your authorized Insurance Agent.

Authorized & Agreed to by:

BY: _____

Authorized Signatory of Account Holder

Printed Name & Title

Date



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

June 18, 2025

Subject: Proposed retroactive Assignment and Assumption Amendment to Agreement 036-2024 between Moss Adams LLP, Baker Tilly US LLP and Kern County Hospital Authority

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board retroactively approve the Assignment and Assumption Amendment (Amendment) to Agreement 036-2024 between Moss Adams LLP, Baker Tilly US LLP and Kern County Hospital Authority, effective June 3, 2025. Moss Adams and the Authority entered into Agreement 036-2024, as amended, for financial auditing services on March 20, 2024.

Effective June 3, 2025, Moss Adams LLP entered into an Equity Purchase Agreement under which Moss Adams LLP combined with Baker Tilly US LLP. Under the proposed Amendment, Moss Adams assigns all of its rights and obligations under the Agreement, Baker Tilly accepts the assignment and assumes and agrees to perform all of the obligations Moss Adams would otherwise have under the Agreement, and the Authority consents to the assignment from Moss Adams to Baker Tilly. The terms and conditions of Agreement 036-2024 remain unmodified and in full force and effect.

The Amendment is retroactive due to the uncertainty of the closing date of the transaction between Moss Adams and Baker Tilly.

Therefore, it is recommended that your Board retroactively approve the Assignment and Assumption Amendment to Agreement 036-2024 between Moss Adams LLP, Baker Tilly US LLP and Kern County Hospital Authority, effective June 3, 2025, and authorize the Chairman to sign.

ASSIGNMENT AND ASSUMPTION AMENDMENT

JUNE 3, 2025

This Assignment and Assumption Amendment ("**Assignment**") to the Agreement (as defined below) is made by and among Moss Adams LLP ("**Moss Adams**"), Baker Tilly US, LLP ("**Assignee**"), and Kern County Hospital Authority, a local unit of government ("**Authority**"), which owns and operates Kern Medical Center ("**KMC**") (together, "**Client**").

WHEREAS, Moss Adams and Client entered into Agreement for Professional Services (Agt. #036-2024, dated March 20, 2024), as amended, together with any ancillary agreements entered into in connection therewith, and any active Statements of Work subject thereto (collectively the "**Agreement**");

WHEREAS, Moss Adams entered into an Equity Purchase Agreement under which Moss Adams will combine with Baker Tilly ("**Transaction**"); and

WHEREAS, upon the closing of the Transaction ("**Effective Date**"), Assignee desires to provide services described in the Agreement (the "**Services**"), and Client desires to permit Assignee to do so.

The parties hereby agree as follows:

1. Assignment and Assumption of Agreement. As of the Effective Date: (a) Moss Adams assigns to Assignee all of Moss Adams' rights and obligations under the Agreement, and (b) Assignee hereby accepts such assignment and assumes and agrees to perform all of Moss Adams' obligations under the Agreement.
2. Consent. Client hereby (i) consents to the assignment of the Agreement from Moss Adams to Assignee, and (ii) waives any notice or other requirements under the Agreement with respect to such assignment of the Agreement.
3. Alternative Practice Structure.

In connection with the Transaction, Moss Adams will be restructured into an alternative practice structure with Assignee and Baker Tilly Advisory Group, LP ("**BTAG**") in accordance with the Code of Professional Conduct of the American Institute of Certified Public Accountants ("**AICPA**"). Following the Effective Date, Assignee, a licensed CPA firm, will provide audit and attest services to Moss Adams' clients. BTAG will provide non-attest services, such as tax, consulting, and other advisory services. BTAG is not a licensed CPA firm. Assignee has a contractual arrangement with BTAG whereby BTAG provides Assignee with administrative, operational and personnel support to its professional services. As part of the Transaction, Moss Adams will transfer its client files to Assignee and BTAG to facilitate client services on a go-forward basis. Assignee and BTAG will comply with the AICPA Code of Professional Conduct, as applied to an alternative practice structure, and applicable federal, state and local rules, with respect to the confidentiality of client information. Client information will be kept confidential in accordance with all confidentiality, privacy and security obligations that currently apply.

4. Miscellaneous. Except as expressly provided in this Assignment, the terms and conditions of the Agreement remain unmodified and in full force and effect. This Assignment will inure to the benefit of, and will be binding upon, the parties' successors, heirs and assigns.

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ACCEPTED AND AGREED:

MOSS ADAMS LLP

Signed:  _____

Name: Jeff Brown

Title: Principal

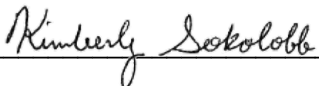
KERN COUNTY HOSPITAL AUTHORITY

Signed: _____

Name: Phil McLaughlin

Title: Chairman, Board of Governors

Baker Tilly US, LLP

Signed:  _____

Name: Kimberly Sokoloff

Title: Principal

Client #
v. 06/04/2025

APPROVED AS TO CONTENT:

By _____
Scott Thygerson
Chief Executive Officer

APPROVED AS TO FORM:

By _____
Vice President & General Counsel
Kern County Hospital Authority



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

June 18, 2025

Subject: Proposed retroactive Amendment No. 1 to Agreement 036-2024 with Baker Tilly US LLP (f/k/a Moss-Adams LLP)

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board retroactively approve Amendment No. 1 to Agreement 036-2024 with Baker Tilly US LLP (f/k/a Moss-Adams LLP), an independent contractor, for financial auditing services. (Moss Adams LLP entered into an Equity Purchase Agreement under which Moss Adams LLP combined with Baker Tilly US LLP effective June 3, 2025. In a separate agenda item, Kern Medical is requesting your Board retroactively approve an Assignment and Assumption Amendment between the Authority, Moss Adams and Baker Tilly, whereby Moss Adams assigns all of its rights and obligations under the Agreement, and Baker Tilly accepts the assignment and assumes and agrees to perform all of the obligations of Moss Adams under the Agreement). The underlying Agreement was for a term of one year from April 1, 2024 through March 31, 2025.

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

The proposed Amendment extends the term of the Agreement for one year from April 1, 2025 through March 31, 2026, and increases the maximum payable by \$217, 650, from \$198,750 to \$416,400, to cover the term, and incorporates a fee schedule for the Fiscal Year End June 30, 2025 audit.

Although the Amendment is retroactive, no work was performed by Moss Adams and no fees were paid to Moss Adams after March 31, 2025, term date. The Amendment is retroactive solely due to the underlying Agreement expiring on March 31, 2025.

Therefore, it is recommended that your Board retroactively approve Amendment No. 1 to Agreement 036-2024 with Baker Tilly US LLP (f/k/a Moss-Adams LLP), an independent contractor, for the period April 1, 2024 through March 31, 2025, for financial auditing services, extending the term for one year from April 1, 2025 through March 31, 2026, increasing by the maximum payable by \$217, 650, from \$198,750 to \$416,400, to cover the term, incorporate a fee schedule for the Fiscal Year End June 30, 2025 audit, and authorize the Chairman to sign.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Baker Tilly US LLP)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this 18th day of June, 2025, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Baker Tilly US LLP, an Illinois limited liability partnership (“Contractor”), with its national office located at 205 N. Michigan Ave., Chicago, IL 60601.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #036-2024, dated March 20, 2024) (the “Agreement”), for the period April 1, 2024 through March 31, 2025, for services related to the development of one or more managed care provider networks; and

(b) Moss Adams LLP entered into an Equity Purchase Agreement under which Moss Adams LLP combined with Baker Tilly US, LLP effective June 3, 2025; and

(c) Authority, Moss Adams LLP and Contractor executed an Assignment and Assumption Amendment effective as of June 3, 2025; and

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

(e) The Agreement is amended effective April 1, 2025;

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

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

“1. **Term.** This Agreement shall be effective and the term shall commence as of April 1, 2025 (the “Effective Date”), and shall end March 31, 2026, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

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

“4.2 **Travel Reimbursement.** Contractor will be reimbursed for all approved travel expenses, which approval will not be unreasonably withheld, incurred by Contractor on behalf of KCHA in an amount not to exceed \$30,000 over the term of this

Agreement. Reimbursement of travel expenses will include actual cost for lowest refundable coach round-trip airfare, local transportation (rental cars are reimbursable at actual cost for compact or midsize vehicles only; per mile reimbursement for personal vehicle use at the current privately owned vehicle [POV] mileage reimbursement rate established by the U.S. General Services Administration), meals and incidental expenses at the current domestic per diem rates established by the U.S. General Services Administration for Kern County ("County"), and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by County. Travel-related expenses will be billed monthly, as incurred, and are payable in arrears within thirty (30) days of receipt and approval of each invoice by KMC."

3. Section 4, Payment for Services, paragraph 4.4, Maximum Payable, shall be deleted in its entirety and replaced with the following:

"4.4 Maximum Payable. The maximum payable under this Agreement shall not exceed \$416,400 over the term of this Agreement, unless separately agreed to by KCHA and Contractor in writing and signed by both parties through a formal written amendment to this Agreement. The maximum payable is inclusive of estimated fees not to exceed \$193,000, five percent (5%) administrative and technology fee of \$9,650, and reimbursement of travel-related expenses not to exceed \$15,000 for the period April 1, 2025 through March 31, 2026."

4. Exhibit "B-1," Fee Schedule, attached hereto and incorporated herein by this reference, shall be made part of the Agreement.
5. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
6. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
7. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
8. Except as provided herein, all other terms, conditions, and covenants of the Agreement shall remain in full force and effect.

[INTENTIONALLY LEFT BLANK]

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

KERN COUNTY HOSPITAL AUTHORITY

BAKER TILLY US, LLP

By _____
Chairman
Board of Governors

By Kimberly Sokoloff
Kimberly Sokoloff
Principal

APPROVED AS TO CONTENT:

By _____
Scott Thygerson
Chief Executive Officer

APPROVED AS TO FORM:

By _____
Vice President & General Counsel
Kern County Hospital Authority

**EXHIBIT “B-1”
FEE SCHEDULE**

AUDIT YEAR	FEES
Fiscal year ended June 30, 2025	\$180,000-\$193,000
5% Administrative and Technology Fee	\$9,650

Contractor shall issue invoices based on the time frame set forth in the Engagement Letter or, if none, on a monthly basis.

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

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

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

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

June 18, 2025

Subject: Proposed Engagement Letter from Baker Tilly US LLP (f/k/a Moss Adams LLP)

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Engagement Letter from Baker Tilly US LLP, an independent contractor, for financial auditing services for fiscal year ending June 30, 2025.

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

The parties have agreed on a payment schedule for the services based on a total fee estimate of \$180,000 - \$193,000. In addition to fees, we will be billed for expenses. Invoices will include a flat expense charge, calculated as 5% of fees, estimated as \$9,650 to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel and related expenses, which are estimated not to exceed \$15,000, will be billed separately and are not included in the 5% charge, and will be reimbursed in accordance with the terms set forth in the separate Agreement for Professional Services.

Therefore, it is recommended that your Board approve the Engagement Letter from Baker Tilly US LLP, in an amount not to exceed \$217,650, and authorize the Chairman to sign.



June 12, 2025

Phil McLaughlin, Chairman, Board of Governors
c/o Andrew Cantu, Chief Financial Officer
Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306-4018

Baker Tilly US, LLP
101 Second Street
Suite 900
San Francisco, CA 94105
United States of America

T: +1 (415) 956 1500
F: +1 (415) 956 4149

bakertilly.com

Re: Audit and Nonattest Services

Dear Chairman McLaughlin:

Thank you for the opportunity to provide services to Kern County Hospital Authority, a local unit of government and a subdivision of the state of California, which owns and operates Kern Medical Center ("Kern Medical"). This engagement letter ("Engagement Letter") and the attached Agreement for Professional Services (Agreement #036-2024), as amended, between Baker Tilly US, LLP and Kern County Hospital Authority, effective April 1, 2024 ("PSA"), which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Baker Tilly US, LLP ("Firm," "we," "us," and "our") will provide to Kern County Hospital Authority ("you," "your," "KHCA," and "Company").

Scope of Services – Audit

You have requested that we audit the Company's financial statements, which comprise the statement of net position as of June 30, 2025, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. We will also report on whether the schedule of net position as of June 30, 2025, and the related schedule of revenue, expenses, and changes in net position for the year then ended, presented as supplementary information, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis, to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Government's RSI in accordance with auditing standards generally accepted in the United States of America. We will not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance. The following RSI will be subjected to certain limited procedures, but will not be audited:

- 1) Management's discussion and analysis
- 2) Schedule of the proportionate share of the net OPEB liability for Kern Medical
- 3) Schedule of the proportionate share of the net pension liability for Kern Medical
- 4) Schedule of contributions for Kern Medical

Scope of Services and Limitations – Nonattest

We will provide the Company with the following nonattest services:

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

- Assist you in drafting the financial statements and related footnotes as of and for the year ended June 30, 2025. Although we will assist in drafting the financial statements and related footnotes, our fee estimate included in this engagement letter is based on management providing a substantially complete working draft of the financial statements and required footnotes. Should you request additional assistance, we can discuss the additional fees that may be required prior to commencing additional work.

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraphs. As a result, Company management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service, by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the nonattest services performed.
- Accept responsibility for the results of the nonattest services performed.

It is our understanding that Andrew Cantu, the Company's Chief Financial Officer, has been designated by the Company to oversee the nonattest services and that in the opinion of the Company is qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Kimberly Sokoloff is the engagement partner, and Kristen Olko is responsible for supervising the engagement and authorizing the signing of the report. We expect to perform interim procedures beginning on August 18, 2025, final procedures beginning on October 20, 2025, and issue our report no later than December 31, 2025. As we reach the conclusion of the audit, we will coordinate with you the date the audited financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the financial statements are available for issuance, (2) you will disclose in the notes to the financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

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

Fees

We have agreed to the following payment schedule for the services based on a total fee estimate of \$180,000 - \$193,000.

Month Due	Amount
August 2025	\$55,000
September 2025	\$55,000
October 2025	\$55,000
November 2025	\$15,000 - \$28,000
Total	\$180,000 - \$193,000

In addition to fees, we will charge you for expenses. Our invoices include a flat expense charge, calculated as five percent (5%) of fees, estimated at \$9,650, to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel expenses and client meal expenses, which shall not exceed \$15,000, will be billed separately and are not included in the 5% charge, and will be reimbursed in accordance with the terms set forth in the PSA.

Reporting

We will issue a written report upon completion of our audit of the Company's financial statements. Our report will be addressed to the Board of Governors of the Company. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended June 30, 2025.

Objectives of the Audit

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives also include reporting on the following:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards.

The report on internal control and compliance will include a statement that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance, that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance, and, accordingly, it is not suitable for any other purpose.

The Auditor's Responsibility

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. As part of an audit

conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control or to identify deficiencies in the design or operation of internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and transaction details by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Pursuant to Government Auditing Standards, we will not provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and Government Auditing Standards. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, misappropriation of assets, and noncompliance with the provisions of laws, regulations, contracts and grant agreements that come to our attention, unless clearly inconsequential. We will also inform you of any other conditions or other matters involving internal control, if any, as required by Government Auditing Standards. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

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

Management's Responsibility

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for informing us about all known or suspected fraud affecting the Company involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, regulators or others.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Management is responsible for establishing and maintaining internal control over compliance with the provisions of laws, regulations, contracts, and grant agreements, and for identifying and ensuring that you comply with such provisions. Management is also responsible for addressing the audit findings and recommendations, establishing and maintaining a process to track the status of such findings and recommendations, and taking timely and appropriate steps to remedy any fraud and noncompliance with the provisions of laws, regulations, contracts, and grant agreements or abuse that we may report.

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

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, whether obtained from within or outside of the general and subsidiary ledgers (including all information relevant to the preparation and fair presentation of disclosures), such as records, documentation, and other matters;
- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.

Management's Responsibility to Notify Us of Affiliates

Our professional standards require that we remain independent of the Company as well as any "affiliate" of the Company. Professional standards define an affiliate as follows:

- a fund, component unit, fiduciary activity or entity that the Company is required to include or disclose, and is included or disclosed in its basic financial statements, in accordance with generally accepted accounting principles (U.S. GAAP);
- a fund, component unit, fiduciary activity or entity that the Company is required to include or disclosed in its basic financial statements in accordance with U.S. GAAP, which is material to the Company but which the Company has elected to exclude, and for which the Company has more than minimal influence over the entity's accounting or financial reporting process;
- an investment in an investee held by the Company or an affiliate of the Company, where the Company or affiliate controls the investee, excluding equity interests in entities whose sole purpose is to directly enhance the Company's ability to provide government services;
- an investment in an investee held by the Company or an affiliate of the Company, where the Company or affiliate has significant influence over the investee and for which the investment is material to the Company's financial statements, excluding equity interests in entities whose sole purpose is to directly enhance the Company's ability to provide government services

In order to fulfill our mutual responsibility to maintain auditor independence, you agree to notify the Firm of any known affiliate relationships, to the best of your knowledge and belief. Additionally, you agree to inform the Firm of any known services provided or relationships between affiliates of the Company and Moss Adams or any of its employees or personnel.

Other Information Included in an Annual Report

When financial or nonfinancial information, other than financial statements and the auditor's report thereon, is included in an entity's annual report, management is responsible for that other information. Management is also responsible for providing the document(s) that comprise the annual report to us as soon as it is available.

Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. If we identify that a material inconsistency or misstatement of the other information exists, we will discuss it with you; if it is not resolved U.S. GAAS requires us to take appropriate action.

Key Audit Matters

U.S. GAAS does not require the communication of key audit matters in the audit report unless engaged to do so. You have not engaged us to report on key audit matters, and the Agreement does not contemplate the Firm providing any such services. You agree we are under no obligation to communicate key audit matters in the auditor's report.

If you request to engage the Firm to communicate key audit matters in the auditor's report, before accepting the engagement we would discuss with you the additional fees to provide any such services, and the impact to the timeline for completing the audit.

Dissemination of Financial Statements

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

Offering of Securities

This Agreement does not contemplate the Firm providing any services in connection with the offering of securities, whether registered or exempt from registration, and the Firm will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or debt securities without our express written permission. You further agree we are under no obligation to reissue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. We will determine, at our sole discretion, whether we will reissue our report or provide written permission for the use of our report only after we have conducted any procedures we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where (a) our report is requested to be reissued, (b) our report is included in the offering document or referred to therein, or (c) reference to our firm is expected to be made. If we decide to reissue our report or provide written permission to the use of our report, you agree that the Firm will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to reissue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

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

representations, whether oral or written, that are made to us by the Company's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

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

Data Privacy and Security

To the extent the Services require the Firm to receive personal data or personal information from Organization, the Firm may process, and engage subcontractors to assist with processing, any personal data or personal information, as those terms are defined in applicable privacy laws, and such processing shall be in accordance with the requirements of the applicable privacy laws relevant to the processing in providing Services hereunder, including Services performed to meet the business purposes of the Organization, such as the Firm's tax, advisory, and other consulting services. Applicable privacy laws may include any local, state, federal or international laws, standards, guidelines, policies or regulations governing the collection, use, disclosure, sharing or other processing of personal data or personal information with which the Firm or its clients must comply. Such privacy laws may include (i) the EU General Data Protection Regulation 2016/679 (GDPR); (ii) the California Consumer Privacy Act of 2018 (CCPA); and/or (iii) other laws regulating marketing communications, requiring security breach notification, imposing minimum security requirements, requiring the secure disposal of records, and other similar requirements applicable to the processing of personal data or personal information. The Firm is acting as a Service Provider/Data Processor, as those terms are defined respectively under the CCPA/GDPR, in relation to Organization personal data and personal information. As a Service Provider/Data Processor processing personal data or personal information on behalf of Organization, the Firm shall, unless otherwise permitted by applicable privacy law, (a) follow Organization instructions; (b) not sell personal data or personal information collected from the Organization or share the personal data or personal information for purposes of targeted advertising; (c) process personal data or personal information solely for purposes related to the Organization's engagement and not for the Firm's own commercial purposes; and (d) cooperate with and provide reasonable assistance to Organization to ensure compliance with applicable privacy laws. Organization is responsible for notifying the Firm of any applicable privacy laws the personal data or personal information provided to the Firm is subject to, and Organization represents and warrants it has all necessary authority (including any legally required consent from individuals) to transfer such information and authorize the Firm to process such information in connection with the Services described herein. Organization further understands the Firm, Baker Tilly Advisory Group, LP and Moss Adams Advisory Group, LP and their affiliated entities (collectively, the "Firm Entities") may co-process Organization data as necessary to perform the Services, pursuant to the alternative practice structure in place among the entities, and by executing this Agreement, you hereby consent to the sharing of Organization data, Organization files, workpapers and work product with such Firm Entities. Baker Tilly Advisory Group, LP maintains custody of client files for the Firm. The Firm Entities are bound by the same confidentiality obligations as the Firm. The Firm is responsible for notifying Organization if the Firm becomes aware that it can no longer comply with any applicable privacy law and, upon such notice, shall permit Organization to take reasonable and appropriate steps to remediate personal data or personal information processing. Organization agrees that the Firm Entities have the right to utilize Organization data to improve internal processes and procedures and to generate aggregated/de-identified data from the data provided by Organization to be used for the Firm Entities' business purposes and with the outputs owned by the Firm Entities. For clarity, the Firm Entities will only disclose aggregated/de-identified data in a form that does not identify Organization, Organization employees, or any other individual or business entity and that is stripped of all persistent identifiers. Organization is not responsible for the Firm Entities' use of aggregated/de-identified data.

Use of Electronic Communication

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

Use of the Firm's Name

The Company may not use any of the Firm's or its affiliates' names, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of the Firm, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Nonlicensed Personnel

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

Hiring of Employees

Any offer of employment to members of the audit team prior to issuance of our report may impair our independence, and as a result, may result in our inability to complete the engagement and issue a report.

Alternative Practice Structure: Baker Tilly International

Baker Tilly US, LLP and Baker Tilly Advisory Group, LP and its subsidiary entities provide professional services through an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations and professional standards. Baker Tilly US, LLP is a licensed independent CPA firm that provides attest services to clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and business advisory services to their clients. Baker Tilly Advisory Group, LP and its subsidiary entities are not licensed CPA firms.

Baker Tilly Advisory Group, LP and its subsidiaries and Baker Tilly US, LLP, trading as Baker Tilly, are independent members of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP are not Baker Tilly International's agents and do not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly Advisory Group, LP, Baker Tilly US, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

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

Very truly yours,

Baker Tilly US, LLP

Enclosures

Accepted and Agreed:

This Engagement Letter sets forth the entire understanding of Kern County Hospital Authority with respect to this engagement and the services to be provided by the Firm:

Signature: _____

Print Name: Phil McLaughlin

Title: Chairman, Board of Governors

Date: June 18, 2025

Accepted and Agreed:

LEGAL SERVICES DEPARTMENT:

By: _____

Vice President & General Counsel
Kern County Hospital Authority

Client: #636216
v. 6/11/2025



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

June 18, 2025

Subject: Proposed Amendment Number 1 to Agreement 079-2022 with Verity Solutions Group, Inc. for web-based 340B management solution

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment Number 1 to Agreement with Verity Solutions Group, Inc for continued professional services related to Verity's web based 340B management solution. Verity's split-billing and virtual inventory systems allows Kern Medical's pharmacy to maintain compliance with HRSA 340B regulations without having to maintain separate physical inventories. On June 24, 2022, Kern Medical entered into a three (3) year agreement the vendor for these services in an amount not to exceed \$115,000. The proposed Amendment extends the term for a period of 5-years, extending the agreement from June 28, 2025 through June 27, 2030. This extension allows Kern Medical to benefit from locking in pricing at a lower set rate. The total cost of the agreement for the 5-year term is \$162,000.

Kern Medical recommends that your Board approve the proposed agreement with Verity Solutions Group, Inc. in an amount to exceed \$162,000, and authorize the Chairman to sign.

AMENDMENT NUMBER 1

This Amendment Number 1 ("Amendment") is made and entered into _____ ("Effective Date") by and between Kern County Hospital Authority ("Customer") and Verity Solutions Group, Inc. ("Verity").

WHEREAS, Verity and Customer entered into that certain Verity 340B Split Billing Services Agreement, dated June 28, 2022 ("Agreement"); and

WHEREAS, Customer and Verity wish to amend the Agreement.

THEREFORE, for and in consideration of the mutual promises to each other, as hereinafter set forth, the parties hereto do mutually agree to amend the Agreement, as follows:

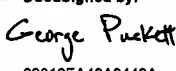
- The parties hereto wish to evidence in writing an extended renewal term of the Agreement beginning June 28, 2025, through June 27, 2030 (a "Renewal Term") after which it shall renew automatically for successive 12-month periods, at then-current pricing beginning on each anniversary of the Renewal Term, unless either party gives written notice of termination in accordance with the Agreement. Such Renewal Term will become part of the Term as defined in the Agreement.
- The monthly Subscription Fee shown on Exhibit B of the Agreement, and below, will remain fixed through the end of the Renewal Term, ending on June 27, 2030. Invoicing and payment terms will remain unchanged per the Agreement.

Location/Address For Each Accumulator	340B ID Number	Setup Option	Subscription Fee (monthly)
Kern Medical 1700 Mt. Vernon Ave. Bakersfield, CA 93306	DSH050315	Split Billing	\$2,700

- Except as specifically changed by this Amendment, all other terms, conditions and other provisions of the Agreement remain in full force and effect.

Each party causes this Amendment to be executed by its duly authorized representative and is entered into by the parties as of the date set forth above:

VERITY SOLUTIONS GROUP, INC.

By: 
63816EA49A9448A...
 Print Name: George Puckett
 Title: CEO
 Date: 5/20/2025

CUSTOMER NAME

By: _____
 Print Name: Phil McLaughlin
 Title: Chairman, Board of Governors
 Date: 06/18/2025

APPROVED AS TO FORM:
Legal Services Department

By: 
 Kern County Hospital Authority



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

June 18, 2025

Subject: Proposed acceptance of donation of travel and related expenses from the Federal Emergency Management Agency Center for Domestic Preparedness for the Healthcare Leadership for Mass Casualty Incidents training

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.

The Federal Emergency Management Agency Center for Domestic Preparedness (FEMA/CDP) provides advanced, all-hazards training to state, local, and territorial governments. This FEMA/CDP training is fully funded by the Department of Homeland Security, including all travel and related expenses. Kern Medical seeks approval from your Board for three employees to attend the Healthcare Leadership for Mass Casualty Incidents training in Anniston, Alabama, from July 6-12, 2025. The three hospital employees will be trained in mass casualty management and includes members of the hospital's emergency management committee and frontline staff members. This training session is necessary in connection with official Authority business.

Therefore, it is recommended that your Board adopt the attached proposed resolution to accept the donation from the FEMA/CDP for travel and related expenses and authorize the Chief Executive Officer to designate three Kern Medical employees to attend this important training.

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

In the matter of:

Resolution No. 2025-____

**ACCEPTANCE OF DONATION OF
TRAVEL AND RELATED EXPENSES FROM
FEDERAL EMERGENCY MANAGEMENT
AGENCY CENTER FOR DOMESTIC
PREPAREDNESS**

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 18th day of June, 2025, 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) The Federal Emergency Management Agency Center for Domestic Preparedness (FEMA/CDP) has offered to donate to the Authority all travel and related expenses for three Authority employees to attend the “Healthcare Leadership for Mass Casualty Incidents” training in Anniston, Alabama, from July 6-12, 2025; and

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

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

(e) FEMA/CDP has not made any 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 accepts from Liebert Cassidy Whitmore the donation of travel and related expenses for three Authority employees to travel to Anniston, Alabama, to attend the “Healthcare Leadership for Mass Casualty Incidents” training from July 6-12, 2025.

3. This Board authorizes the Chief Executive Officer to designate three Authority employees to attend the “Healthcare Leadership for Mass Casualty Incidents” training from July 6-12, 2025, in Anniston, Alabama.

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

Chief Financial Officer
Legal Services Department
Human Resources



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

June 18, 2025

Subject: Proposed BD Quote Form for purchase of biopsy machine

Requested Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed BD Quotation with BD, C.R. Bard Inc., for a one-time purchase of an Enspire breast Biopsy Machine in an amount not to exceed \$5,502. This breast biopsy machine provides services for our mammography patients to obtain a breast biopsy with minimally invasive sampling that provides a quick and accurate diagnosis. We currently have a Bard Enspire breast biopsy machine that is broken. Bard will send us a newly refurbished machine in exchange for our broken machine. The exchange results in less downtime for the mammography department. The refurbished machine comes with a 90-day warranty.

Counsel is unable to approve the quote as to form because it does not contain any terms. Counsel attempted to negotiate terms with vendor on several occasion to no avail.

Therefore, it is recommended that your Board approve the proposed quotation with BD, C.R. Bard Inc, for the replacement of the Enspire breast biopsy machine with a not to exceed amount of \$5,502, plus tax and shipping, and authorize the Chairman to sign.

**QUOTE FORM****FM0700590****Revision 4****Page 1 of 1**Item # E4115Serial # 009365RAccount # 50255893WO# 91096Facility Name: KERN COUNTY HOSPITAL AUTHORITYAddress: 1700 MOUNT VERNON AVE, BAKERSFIELD CA 93306Contact Name: Olivia WhittinghamEmail olivia.whittingham@bd.comPhone # 773-930-6288Dept

Decontamination
 Assessment
 Loaner
 Parts
 PM
x Replacement
x Shipping

Part # / Description	Cost
Enspire (90 Day Warranty) Replacement s/n TBD	4000.00
Freight Delivery & Return	1501.07
TOTAL:	5501.07

PO/CC Total \$ 5501.07Signature: Date:

Reference: SOPQ0700000

Confidential: This document contains information that is the confidential and proprietary property of BD, C.R. Bard Inc. Neither this document nor the information therein may be reproduced, used or disclosed to or for the benefit of any third party without the prior written consent of BD, Bard.

REVIEWED ONLY
NOT APPROVED AS TO FORM

By Phillip Jenkins
Kern County Hospital Authority



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

June 18, 2025

Subject: Proposed Three (3) Year Software License Agreement as a Service Subscription Renewal

Requested Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed three (3) year Software as a Service subscription renewal with TruAsset, LLC for the medical equipment computerized maintenance management system (CMMS). On September 27, 2022, Kern Medical entered into a three (3) year agreement with TruAsset. This proposed Agreement will be effective June 18, 2025 and shall expire on June 17, 2028 in an amount to exceed \$14,700. The proposed Agreement continues Kern Medical's relationship with a cost effective and trusted vendor.

Counsel is unable to approve the terms as to form because they do not include a termination for convenience provision.

Therefore, it is recommended that your Board approve the proposed three (3) year Software as a Service subscription, for a period of June 18, 2025 and shall expire on June 17, 2028, in an amount not to exceed \$14,700 and authorize the Chairman to sign.



**Software Proposal
Kern County Hospital Authority**

5/8/2025

Redentor Libao
Biomedical Engineering
Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306

Re: Enclosed Software Proposal

At TruAsset, LLC. we are aware that creating client-oriented software takes a mixture of technical excellence and clear communication and our company strives to ensure you receive the best of both. We know that every client is unique and we deliver an individual, innovative and affordable solution every time.

We also pride ourselves on our after-sales client-care including our guarantees, staff-training and on-site and off-site support.

Finally, we realize that you are very busy and wanted to thank you in advance for your time spent reviewing our proposal.

Yours Truly,

Amanda Moser

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the "Agreement") is entered into as of 05-08-2025 (the "Effective Date" unless stated as different upon signing) by and between TruAsset, LLC, a Delaware limited liability company having its principal place of business at PO Box 2286, Allen TX 75013 ("Company") and Kern County Hospital Authority, with its principal place of business at 1700 Mount Vernon Avenue, Bakersfield, CA 93306 ("Customer").

WHEREAS, Company has developed, and markets software used for planning, maintaining, and tracking assets and work orders under the name TruAsset LLC™, and

WHEREAS, Customer desires to license certain software and data provided by Company as set forth on Exhibit A ("Product") for use by the designated number of its employees as named users authorized to use and access the Product ("Named Users"), and understands that its right to use the Product is conditioned upon agreeing to the terms and conditions herein.

NOW THEREFORE, the parties agree as follows:

1. Product License

1.1 License Grant. Company grants a non-transferable and non-exclusive license to Customer for use of the Product for its internal use subject to the terms set forth herein. Customer agrees not to sell, publish, disclose or otherwise transfer, make available or distribute the Product, in whole or in part, or sublicense its rights under this Agreement to any other party. Company will provide Customer with access to the Product upon Company's receipt of a fully executed copy of the Agreement.

2. License Fees and Payment. In return for the ongoing use, access and the rights in the Product described herein, Customer agrees to pay Company the total annual license fee as detailed in Exhibit A ("Annual License Fees") by the corresponding due dates. Billing will be done annually beginning on the Effective Date and continuing through the anniversary of each annual term or as otherwise outlined in Exhibit A. Unless otherwise set forth on the Exhibit A, Customer agrees to pay all invoices and any taxes that apply within thirty (30) days from receipt of invoice. Company reserves the right to discontinue Customer's access to the Product should Customer fail to pay any outstanding invoice for a period of thirty (30) days or more from due date. In the event use of the Product is reinstated, the fees paid for any outstanding invoice will not be subject to credit for any period of non-use for any reason, including Customer's discontinuance of access authorization as a result of non-payment. Customer agrees to reimburse Company for all expenses and costs, including, without limitation, collection agency costs and reasonable attorneys' fees, incurred by Company to collect unpaid amounts.

All invoices and notices shall be sent to Customer at the following contact information:

Redentor Libao (Biomedical Engineering)
Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306

3. Technical Support. Company will provide a designated support phone number to direct all support inquiries related to the use of the

Product during business hours. Company's current business hours, subject to change, are 7:00 AM to 4:00 PM Central Standard Time Monday through Friday, excluding holidays. Standard training services are included in the fees for the use of the Product, however, special or on-site training may result in additional fees including the cost of any reasonable travel and living expense.

4. Term and Termination

4.1 Term. This Agreement, including the license in the Products will begin on the Effective Date and have an initial term of three (3) year ("Initial Term"). Customer's requests to terminate should be sent to Company at billing@truasset.com. Any requests to terminate will be effective at the completion of the then current contract term.

4.2 Survival. This Agreement is effective until terminated in accordance with the terms hereof provided that Sections 4.3, 6 and 8 shall survive termination of the Agreement.

4.3 Breach. A party breaching any provision of this Agreement shall have the right to cure such breach within thirty (30) days after receiving written notice of such breach from the other party. If such breach is not cured within the thirty (30) day period, the breaching party will be in default and the non-breaching party may terminate this Agreement. A breach relating to one provision of this Agreement will constitute a breach of the entire Agreement.

4.4 Certification and Verification. Customer agrees upon termination, expiration, or default of Agreement to (i) cease and have all Named Users cease any further use of Product, (ii) destroy all printed or electronic copies of Product, (iii) either return to Company or destroy the original and any copies of documentation provided, (iv) and to certify in writing to Company that such action has been done.

5. Disclaimer. Except as specifically set forth below, the Product and any documentation is provided "as is".

6. Limitation of Liability. IN NO EVENT, WHETHER BASED UPON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE WILL COMPANY BE LIABLE TO CUSTOMER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF THE USE OF THE PRODUCT AND DOCUMENTATION (EVEN IF COMPANY HAS BEEN ADVISED OF OR COULD HAVE REASONABLY FORESEEN THE POSSIBILITY OF SUCH DAMAGES). SUCH AS. BUT NOT LIMITED TO. LOSS OF

REVENUE, PROFITS, OR BUSINESS, COSTS OF DELAY, CLAIMS OF CUSTOMERS' CUSTOMERS. REGARDLESS OF THE BASIS OF RECOVERY CLAIMED, THE AGGREGATE LIABILITY OF THE COMPANY WITH RESPECT TO ANY AND ALL MATTERS RELATING TO THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE LICENSE FEE PAID BY CUSTOMER. Notwithstanding anything to the contrary, Company's limitations of liability shall not apply to, affect, or limit: (i) any of Company's duties to indemnify Customer in accordance with this agreement and/or (ii) any third party claims.

7. Representations and Warranties. Both parties represent and warrant that they have (i) the authority to enter into and perform the duties and obligations described in this Agreement, (ii) that the performance of the obligations and duties described in this Agreement does not conflict with any other agreement either signed or contemplated, and (iii) that there are no regulatory investigations or inquiries, lawsuits, potential lawsuits, or criminal charges pending which would affect performance under this Agreement.

The Company represents and warrants that it has the authority to grant the licenses hereunder and (i) that to Company's knowledge, its granting of the license (except to the extent it includes data supplied by Customer) does not infringe on any copyright owned by a third party, (ii) that to Company's knowledge, the ownership of Company's copyrights is not in dispute, and (iii) that Company has no knowledge of any potential dispute(s) surrounding Company copyrights under this Agreement.

8. Confidential Information

8.1 Customer and Company may from time to time disclose to the other party confidential information relating to its business and affairs ("Confidential Information"). Neither party will disclose Confidential Information of the other to any third party without the express written consent of the other party, nor disclose or make use of any Confidential Information other than in the performance of this Agreement. Each party shall use at least the same degree of care to avoid disclosure of Confidential Information as it uses with respect to its own Confidential Information and will procure from any third party to whom confidential information may be disclosed an agreement containing provisions substantially similar to those set out in this Section. Either party may seek injunctive relief to enforce its rights under this Section. The foregoing obligations will survive the termination or expiry of this Agreement.

8.2 Confidential Information is that information or know-how identified as being confidential, or, given the circumstances surrounding disclosure, should in good faith be treated as confidential. Confidential Information does not include information: (a) generally available to or known to the public, (b) previously known to the recipient, (c) independently developed by the recipient outside the scope of this Agreement, (d) lawfully disclosed by a third party, or (e) disclosed during testimony before any judicial or quasi-judicial court or tribunal. Company 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.

9. **Indemnification.** Company shall indemnify, defend, and hold Customer harmless from and against any and all losses, damages, liabilities, or costs (including attorneys' fees) incurred by Customer resulting from any third-party claim, suit, action, or proceeding ("Third-Party Claim") based on Company's negligence that Customer's use of the Product infringes or misappropriates such third party's intellectual property rights, including such third party's patents, copyrights, or trade secrets, except to the extent that such claim arises from (a) Customer's unauthorized use of the Product or data; or (b) data supplied by Customer; or (c) the combination, operation, or use of the Product with other products not provided by Company. Customer shall indemnify, hold harmless, and, at Company's option, defend Company from and against any losses resulting from any Third-Party Claim based on Customer's: (i) negligence or willful misconduct; or (ii) use of the Product in a manner not authorized by this Agreement.

10. **Proprietary Rights.** Customer acknowledges and agrees that all proprietary rights in the Product are and shall remain the sole property of Company and its third-party licensors. Customer acknowledges that the Product and all copies thereof were compiled, prepared, selected and arranged by Company and its licensors through the expenditure of substantial time, effort and money and that they constitute valuable property of Company and its licensors. Company retains full rights to the application, licensing, and data, which may not be published or distributed in any form without the express written consent of Company.

11. **Assignment.** This Agreement may not be assigned by Customer without the written consent of Company, which consent shall not be unreasonably withheld. Company reserves the right to change the license fees upon assignment by Customer or in the event Customer is involved in any merger, acquisition or similar event, provided assignee shall have the right to decline the change and immediately terminate the Agreement. Company further reserves the right to terminate this Agreement in the event assignee is a competitor of the Company. Notwithstanding anything to the contrary contained herein, this Agreement does not allow Product to be used by any third party whom, after the date of this Agreement, is acquired by, merged with, or becomes otherwise affiliated with Customer without the express written consent of Company. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns.

12. **Governing Law.** This License Agreement shall be governed by the laws of the State of California without regard to the conflict of laws provisions thereof which would require the application of laws of a jurisdiction of other than such state. In the event a dispute arises in connection with this Agreement, the courts located in Kern County in the State of California and the appropriate appellate courts therefrom shall have exclusive jurisdiction and the parties hereby irrevocably submit to the jurisdiction of such courts.

13. **Non-Disparagement.** Customer will not make any false, misleading or disparaging statements regarding Company or its Affiliates or their technology or services, or their capabilities, features, functions or performance, including without limitation in or in the course of any sales, marketing, publicity, and other activities under this Agreement.

14. Waiver. No waiver by any party of any breach of this Agreement or failure of any party to take action to enforce or assert any right or remedy hereunder shall be deemed a waiver of any prior, concurrent or subsequent breach. No waiver shall be effective unless it is made in writing.

15. Severability. If at any time a provision of this Agreement or portion thereof is found to be invalid or unenforceable under applicable law, it shall be omitted from the Agreement without invalidating or rendering unenforceable the remainder of such provision or the remaining provisions of this Agreement.

16. Binding Agreement and Notices. Customer acknowledges that it has read this Agreement and agrees to be bound by its terms and conditions. Customer also agrees that this Agreement is the complete and exclusive statement of agreement between the parties and supersedes all proposals or prior agreements, oral or written, and any other communications between the parties relating to the subject matter of this Agreement. Each party acknowledges that it is not entering into the Agreement on the basis of any representations not expressly contained herein. No amendments to this Agreement shall be enforceable unless in writing and signed by Company and Customer. Notices required pursuant to this Agreement shall be hand delivered (including via overnight courier) or sent via registered or certified mail.

IN WITNESS the following authorized representatives of the parties have duly executed this Agreement agreeing to be bound by its terms.

Effective Date: The term of this Agreement shall commence on the ____ day of _____ 2025. If no entry is listed here then the signing date will be considered the "Effective Date".

TruAsset LLC

Signed:



Print:

Jason Byers

Title:

Chief Executive Officer

Date:

6/4/2025

Kern County Hospital Authority

Signed:

Print:

Philip McLaughlin

Title:

Chairman of the Board

Date:

June 18, 2025

EXHIBIT A
PRODUCT LICENSE AND FEES

A. PRODUCT LICENSE

Database Access:

- * TruAsset CMMS SaaS Application

Access Limits:

- * 8 Named Users
- * Unlimited Account Viewers
- * 19 Active Facilities
- * Unlimited Work Orders and Tickets
- * 6000 Active Assets

The Product to which access will be provided under this Agreement can be accessed at the following Site:
<https://login.truasset.com>

B. INITIAL TERM AND ANNUAL FEES

Initial Term: 36 Months

Renewal Term (Months)	Term License Fee	Add Ons	Total Term License Fee
36	\$14,700.00	\$0.00	\$14,700.00

C. ADDITIONAL TERMS AND CONDITIONS

- * Additional Named users are \$350 per user per annum.
- * The terms set forth herein are only valid if Company receives an executed copy of this Agreement prior to the close of business on 03-02-2025.

D. ADDONS



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

June 18, 2025

Subject: Proposed Sales Order CPQ-3491752 with Oracle America, Inc. to purchase professional services to integrate a laboratory interface into the electronic health record

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests that your Board approve the proposed Ordering Document OPT-3491752 with Oracle America, Inc. for the purchase of professional services to install a unidirectional interface between Laboratory Corporation of America Holdings (LabCorp) and Kern Medical within the electronic health record (EHR), with a maximum payable of \$25,000, effective on June 18, 2025, and for a term of 36 months.

Oracle America, Inc. will provide professional services and recurring maintenance services for the integration of the Oracle Health Reference Lab Network Ambulatory connection with LabCorp. Completion of these services will provide for digital communication of LabCorp test results to directly populate into the EHR, therefore eliminating the current manual entry and improving the notification timing of laboratory test results. The one-time cost of \$16,016 will be reimbursed by LabCorp, but the ongoing monthly support fees would be paid by Kern Medical.

This is the most efficient method to integrate the laboratory process into the EHR, therefore, it is recommended that your Board approve the proposed Sales Order CPQ-3491752 with Oracle America, Inc. for the purchase of professional services to install an interface with LabCorp to improve patient care, with a maximum payable of \$25,000 for a term of thirty-six (36) months, June 18, 2025 to June 17, 2028, and authorize the Chairman to sign.

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

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

Contact
Sandra Bakich
661-319-9628
sandra.bakich@kernmedical.com

Fee Summary

Fee Description	Net Fees	Monthly Fees	Annual Fees
Recurring Services	--	227.50	--
Professional Services -- Fixed Price	16,016.00	--	--
Total Fees	16,016.00	227.50	0.00

Billing Frequency

Description	% of Total Due	Payment Due
Professional Services -- Fixed Price	100%	Upon order execution
Recurring Services	100%	Annually in advance, beginning when access issued

Ordered Items

Recurring Services

Part Number	Description	Term	Pass-Through Code	Quantity	Unit Net Price	Extended Monthly Fees
B100005	Oracle Health Reference Lab Network for Ambulatory - Connection ^A	36 mo	--	1	227.50	227.50
Subtotal						227.50

Professional Services

Professional Services - Fixed Price

Part Number	Description	Service Descriptions	Pass-Through Code	Net Fees
B103757	Millennium Foreign System Interface Services [FSI]	Attached	--	16,016.00
Subtotal				16,016.00

Permitted Facilities

Name	Street Address	City
Kern County Hospital Authority	1700 Mt Vernon Ave	Bakersfield, CA, 93306 US

Footnotes

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

A. Terms of Your Order

1. Applicable Agreement

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

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

2. Fees and Payments

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

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

c. Oracle may increase the monthly fee for each Ordered Item identified as Licensed Software Support, Equipment Support, Sublicensed Software Support, Recurring Services, Transaction Services, Professional Services -- Recurring, Application Management Services, and Managed Services in the table(s) above any time following the initial 12 month term after such recurring service fees begin (but not more frequently than once in any 12 month period) by giving You 60 days prior notice of the price increase. The amount of such annual increase will equal 4%. Oracle may also increase the fees at any time during the term if an Oracle third party increases the fees to be paid by Oracle, with such increase being limited to the amount of increase in Oracle's fee to the third party.

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

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

3. Terms Applicable to Ordered Items

a. Scope of Use.

You will use the Ordered Items in this order in accordance with the Documentation and subject to the quantity of the item specified in the Ordered Items table(s) above. This order incorporates by reference the scope of use metric, definition, and any rules applicable to the Ordered Item as described in the Oracle Health Definitions and Rules Booklet v031524 which may be viewed at <http://www.oracle.com/contracts> on the Oracle Health tab.

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

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

b. Solution Descriptions.

Solution Descriptions applicable to each Ordered Item identified as Licensed Software, Recurring Services or Transaction Services in the table(s) above are available on <http://www.oracle.com/contracts> on the Oracle Health tab. The Solution Description is identifiable by the Part Number in the table(s) above. These Solution Descriptions are incorporated into this order by reference.

c. Shared Computing Services.

You understand that Oracle may deliver the products and services on this order in a Shared Computing Services model. The policies that govern the Shared Computing Services model are available at <http://www.oracle.com/contracts> on the Oracle Health tab and are incorporated into this order by reference.

d. Permitted Facilities.

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

4. Recurring Services

a. The services term for all Ordered Items identified as Recurring Services in the table(s) above begins as set forth in the Billing Frequency table above.

5. Professional Services

a. Oracle Health Professional Services Delivery Policies.

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

b. Service Descriptions.

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

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

6. Order of Precedence

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

7. Effective Date

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

8. Offer Validity

a. This offer is valid through 31-June-2025 and shall become binding upon execution by You and acceptance by Oracle.

B. Additional Order Terms

1. Credit Card or PayPal Payments

Please note that if the pre-tax value of this order is USD 2,000 or less, the Ordered Items listed on this order must be purchased by credit card or PayPal. Purchase orders and checks are no longer accepted for transactions of this size. If this order is an expansion or renewal of the Ordered Items, the preceding provision does not apply.

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

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

Kern County Hospital Authority	
Signature	_____
Name	<u>Phil McLaughlin</u>
Title	<u>Chairman, Board of Governors</u>
Signature Date	_____

Oracle America, Inc.	
Signature	<i>Jessica King</i>
Name	Jessica King
Title	Senior Director, NA Customer Deal Desk
Signature Date	16-Apr-2025 09:46 AM PDT

APPROVED AS TO FORM:
Legal Services Department

By *Shannon Hochstein*
Kern County Hospital Authority

I. Oracle Scope of Services for Oracle Health Reference Lab Network – Ambulatory Partner and Non-Partner Reference Lab Results Only Implementation – Production Environments (Part Number: B103757)

- A. Configure Reference Lab Network (RLN) using RLN standard deployment
 - 1. To the Millennium Platform Client domain of client's choosing:
 - a) Creation of 1 (one) inbound results connection from the RLN environment
 - b) Configure standard RLN Foreign System Interface (FSI) environment
 - (1) Configure External Systems Inbound (ESI)
 - (2) Alias all Reference Lab Inbound interface related code sets (excludes 54,72,200, and 14003)
 - (3) Develop typical and test required modify object and modify original scripts
 - 2. To the RLN environment:
 - a) Creation of results inbound from reference lab
 - b) Creation of outbound to Your Millenium Platform Client, unless agreed
- B. Secure Connectivity
 - 1. If needed, coordination of virtual private network (VPN) for secure connection between the Reference Lab Network (RLN) and reference lab using Oracle Health VPN standards.
 - 2. Leverage existing RLN environment Web Services connection
- C. Go Live activities.
 - 1. Prepare the "Go Live Approval" form for your signature
 - 2. Participate, if requested, to provide interface related recommendations on the go live steps.
 - 3. Participate in go live cutover during Oracle regular business hours, unless otherwise agreed.
- D. Post Go Live Support
 - 1. Provide 1 (one) train the trainer session near the end of the acute RLN project.
 - 2. Client will notify deployment team for any RLN related issues that may need to be addressed during the support process, including any Health Checks.
 - 3. Provide Level 2 for up to 2 (two) weeks during Oracle regular business hours

II. Your Obligations

- A. Identification of 1 non-production and 1 production Millennium platform environment.
- B. Creation of required lab orders, results, and ask at order entry questions (AOE)
- C. Alias required code sets for the orders and corresponding results
- D. Synchronize data values between Oracle and the reference lab; including building of code value aliasing within Oracle that will be required for interface processing
- E. Creation and execution of test/validation plans
- F. You or your reference lab will act in a project management capacity for the entirety of the project.

- G. Understand of the clinical, billing, and other workflows/systems impacted by deployment of the RLN product
- H. You or your team have an existing understanding of the FSI and lab processes, and no additional training outside of the RLN product will be required.
- I. Complete and sign the “Go Live Approval” form prior to going live

III. Assumptions

- A. Project Timeline is estimated to be 12 weeks for standard standalone RLN deployments.
- B. Results only feed will not automatically create new patients and may require manual interaction to post into a patient chart via unmatched person’s queue.
- C. No additional assistance for billing/financial questions is needed for this deployment.
- D. Deployment to 1 production and 1 non-production Millennium environment.
- E. Client is already well versed on the Unmatched Persons Queue
- F. Any additional domain support, including copies to additional domains and rebuild due to domain refreshes or updates may require additional hours and fees.
- G. Your domain’s FSI build will adhere to current standard RLN deployment processes
- H. Reference lab will leverage RLN approved HL7 version across a TCP/IP connection unless otherwise agreed.
- I. Discrete microbiology results are out of scope.
- J. Clinical and financial KPI’s are out of scope for Reference Lab Network
- K. Custom scripting required outside the standard Oracle User Interface (UI) is expected to be performed within Your interface engine. If this is not possible or desirable, custom scripting can be performed within the Oracle Health Millennium Platform interface but may require additional hours at Oracle’s then-current fees for an Oracle resource to complete the work.
- L. All work set forth herein will be performed remotely unless otherwise agreed upon by Oracle and You.
- M. All work to be performed during Oracle regular business hours.
- N. Oracle Business Hours are M-F 8AM CT to 5PM CT on non-Oracle closures/holidays

Bill To / Ship To Contact Information

Bill To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1700 Mt Vernon Ave Bakersfield, CA US 93306	Sandra Bakich 661-319-9628 sandra.bakich@kernmedical.com

Ship To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1700 Mt Vernon Ave Bakersfield, CA US 93306	Sandra Bakich 661-319-9628 sandra.bakich@kernmedical.com



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

June 18, 2025

Subject: Proposed Agreement with Katelyn B. Furey, 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 approve an Agreement with Katelyn B. Furey, M.D., for professional medical services in the Department of Obstetrics and Gynecology from October 4, 2025 through October 3, 2028, in an amount not to exceed \$3,150,000.

Dr. Furey is currently a Fellow in Gynecologic Oncology at the University of Southern California at Los Angeles General Medical Center. She received her Doctorate of Medicine at Loyola University Chicago and completed her Obstetrics and Gynecology Residency training at University of California, Los Angeles Ronald Reagan Medical Center. She currently holds a California state medical license.

The proposed Agreement is for a term of three years from October 4, 2025 through October 3, 2028. Dr. Furey will receive a base salary of \$600,000, a starting bonus of \$100,000, and an annual retention bonus of \$6,000. In addition to her compensation package, Dr. Furey will receive the standard complement of benefits offered to all Kern Medical physicians. The maximum payable will not to exceed \$3,150,000 over the three-year term of the Agreement.

Dr. Furey's annual salary 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 to be provided by Dr. Furey.

Therefore, it is recommended that your Board approve the Agreement with Katelyn B. Furey, M.D., for professional medical services in the Department of Obstetrics and Gynecology from October 4, 2025 through October 3, 2028, in an amount not to exceed \$3,150,000, plus applicable benefits, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Katelyn B. Furey, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2025, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Katelyn B. Furey, M.D. (“Physician”).

**I.
RECITALS**

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

(b) Authority requires the assistance of Physician to provide professional medical services in the Department of Obstetrics and Gynecology at KMC (the “Department”), as such services are unavailable from Authority resources, and Physician desires to accept employment on the terms and conditions set forth in this Agreement; and

(c) Physician is specially trained, experienced, expert, and competent to perform such services;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The initial term of this Agreement (“Initial Term”) shall be for a period of three (3) years, commencing as of October 4, 2025 (the “Commencement Date”). At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for two (2) additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

2. **Employment.** Authority hereby employs Physician 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.

3. **Representations and Warranties.** Physician represents and warrants to Authority and KMC, upon execution and throughout the Term of this Agreement, as follows: (i) Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement; (ii) Physician's license to practice medicine in the state of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to the terms of probation or other restriction; (iii) Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; (iv) Physician holds a valid Controlled Substance Registration Certificate issued by the Drug Enforcement Administration that has never been revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (v) Physician is not currently and has never been an Ineligible Person¹; (vi) Physician is not currently the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; and (vii) Physician has, and shall maintain throughout the Term of this Agreement, an unrestricted license to practice medicine in the state of California and staff membership and privileges at KMC.

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis exclusively as an exempt employee of Authority. Physician shall render those services set forth in Exhibit "A," attached hereto and incorporated herein by this reference.

4.2 **Use of Premises.** Physician shall use the Practice Sites as designated by Authority or KMC exclusively for the practice of medicine in the care and treatment of patients and shall comply with all applicable federal, state, and local laws, rules and regulations related thereto.

4.3 **Qualifications.**

4.3.1 **Licensure.** Physician shall maintain a current valid license to practice medicine in the state of California at all times during the Term of this Agreement.

4.3.2 **Board Certification.**

A) Physician shall be board certified by the American Board of Obstetrics and Gynecology in obstetrics and gynecology-general within twenty-four (24) months of the Commencement Date.

¹ An "Ineligible Person" is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

- B) Physician shall be board certified by the American Board of Obstetrics and Gynecology in gynecologic oncology-general within forty-eight (48) months of the Commencement Date.
- C) Physician shall maintain such certifications at all times during the Term of this Agreement.

4.3.3 Medical Staff Status. Physician shall at all times during the Term of this Agreement be a member in good standing of the KMC medical staff with “active” staff status and hold all clinical privileges on the active medical staff appropriate to the discharge of her obligations under this Agreement.

4.3.4 TJC and ACGME Compliance. Physician shall observe and comply with all applicable standards and recommendations of The Joint Commission and Accreditation Council for Graduate Medical Education.

4.4 Loss or Limitation. Physician shall notify KMC in writing as soon as possible (but in any event within three (3) business days) after any of the following events occur: (i) Physician’s license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (ii) Physician’s medical staff privileges at KMC or any other health care facility are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (iii) Physician’s Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (iv) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (v) Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (vi) an event occurs that substantially interrupts all or a portion of Physician’s professional practice or that materially adversely affects Physician’s ability to perform Physician’s obligations hereunder.

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC Medical Staff Bylaws, Rules, Regulations, and policies, the standards for physicians established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

4.6 Managed Care Contracting. Physician shall cooperate in all reasonable respects necessary to facilitate KMC’s entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable KMC to participate in any third-party payer arrangements, Physician shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a “Managed

Care Organization”) designated by KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization; and/or (iii) enter into a written agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

4.7 Authorization to Release Information. Physician hereby authorizes Managed Care Organizations, government programs, hospitals and other third parties to release to KMC and its agents any information requested by KMC or its agents from time to time relating to Physician’s professional qualifications or competency. Physician agrees to execute the Authorization to Release Information in the form set forth in Exhibit “B,” attached hereto and incorporated herein by this reference, and to execute all other documents required by KMC from time to time and to otherwise fully cooperate with KMC to enable KMC and its agents to obtain such information from third parties.

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC Medical Staff Bylaws, Rules, Regulations, and Policies. Documentation by Physician shall conform to the requirements for evaluation and management (E/M) services billed by teaching physicians set forth in the Medicare Carriers Manual, Part 3, sections 15016–15018, inclusive. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

4.9 Physician Private Practice. Physician understands and agrees that she shall not enter into any other physician employment contract or otherwise engage in the private practice of medicine during the Term of this Agreement or any extensions thereof.

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician’s activities, Physician, through the nature of her work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person, hospital, firm, partnership, entity or organization (except when authorized in writing by KMC)

any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

4.11 Physician Covenants. Physician covenants that from the Commencement Date and continuing throughout the Term of this Agreement, Physician, unless otherwise permitted by the written consent of Authority shall not, on Physician's own account or as an employee, landlord, lender, trustee, associate, consultant, partner, agent, principal, contractor, owner, officer, director, investor, member or stockholder of any other person, or in any other capacity, directly or indirectly, in whole or in part: (i) engage in any activities that are in competition with KMC, including the operation of any medical practice or offering of any medical services that are similar to services offered at the Practice Sites; (ii) solicit or encourage the resignation of any employee of Authority or KMC with whom Physician had a working relationship during Physician's employment with Authority; (iii) solicit or divert patients with whom Physician had personal contact during such employment; or (iv) influence or attempt to influence any payer, provider or other person or entity to cease, reduce or alter any business relationship with Authority or KMC relating to the Practice Sites.

5. Compensation Package.

5.1 Annual Compensation. Physician shall work full time, which is a minimum of eighty (80) hours per biweekly pay period, and will be compensated with cash and other value as described below in this paragraph 5.1 ("Annual Salary").

5.1.1 Compensation Methodology. Authority shall pay Physician an Annual Salary of \$23,076.92 biweekly not to exceed \$600,000 annually. The Annual Salary shall be comprised of (i) a base salary for teaching and administrative services and (ii) payment for care of KMC patients. Physician understands and agrees that (i) the Annual Salary set forth in this paragraph 5.1 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey ("MGMA Survey") for specialty and (ii) Physician will maintain a median level (50th percentile) of worked relative value units ("Worked RVU") based on the current MGMA Survey and fulfill all the duties set forth in Exhibit "A" during the Term of this Agreement.

5.1.2 Biweekly Payment. Physician shall be paid biweekly on the same schedule as regular Authority employees. The exact date of said biweekly payments shall be at the sole discretion of Authority. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.1.3 Fair Market Value Compensation. The compensation provided under section 5.1 represents the parties' good faith determination of the reasonable fair market value compensation for the services to be provided by Physician under this Agreement.

5.2 Starting Bonus.

5.2.1 Bonus. Physician shall receive a starting bonus in the amount of \$100,000, less all applicable federal and state taxes and withholdings, payable within ten (10) business days of the Commencement Date. Physician shall forfeit the starting bonus if she fails to report to work on the Commencement Date.

5.2.2 Repayment. In the event that Physician voluntarily terminates her employment with Authority for any reason whatsoever before the first anniversary of this Agreement, Physician shall repay to Authority an amount equal to \$100,000 multiplied by the fraction, the numerator of which is 1,095 less the number of days during which Physician was employed by Authority, and the denominator of which is 1,095. Such repayment shall be made by Physician in full within thirty (30) days of the effective date of her termination of employment with Authority.

5.2.3 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 starting bonus.

5.3 Retention Bonus.

5.3.1 Bonus. Physician shall be paid an annual retention bonus in the amount of \$6,000, 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 October 4, 2026, for the previous Employment Year, and each October 4 thereafter during the Initial Term.

5.3.2 Repayment. In the event that Physician voluntarily terminates her 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 \$6,000 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 her 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.

5.4 Professional Fee Billing.

5.4.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation, both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert

testimony (but excluding Physician's private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

5.4.2 Remittance of Professional Fee Charges. Physician shall remit all professional fee charges to KMC within forty-five (45) days of the date direct patient care services are provided by Physician. Any professional fee charges not remitted by Physician to KMC within forty-five (45) days of the date of such service, or any charges for which relevant documentation has not been provided, will not be credited to Physician as Worked RVU.

5.5 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$3,150,000 over the three (3) year Initial Term of this Agreement.

6. **Benefits Package.**

6.1 Retirement. Physician shall participate in the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (the "Plan"), a qualified defined contribution pension plan, pursuant to the terms of the instrument under which the Plan has been established, as from time to time amended. Physician is not eligible to participate in any other retirement plan established by Authority for its employees, including but not limited to the Kern County Employees' Retirement Association, and this Agreement does not confer upon Physician any right to claim entitlement to benefits under any such retirement plan(s).

6.2 Health Care Coverage. Physician shall receive the same health benefits (medical, dental, prescription and vision coverage) as all eligible Authority employees. The employee share of cost is twenty percent (20%) of the current biweekly premium. Physician is eligible for coverage the first (1st) day of the biweekly payroll period coincident with or next following the day she completes one (1) month of continuous service. Physician's initial hire date is the initial opportunity to enroll in the health plan. Physician must work at least forty (40) hours per biweekly pay period to be eligible for coverage.

6.3 Holidays. Physician shall be entitled to paid holidays subject to Authority policy, as amended from time to time. Physician will not be paid for banked holidays upon termination of employment.

6.4 Vacation. Physician shall be entitled to vacation leave subject to Authority policy, as amended from time to time. Physician shall be paid for accrued and unused vacation leave, if any, upon termination or expiration of this Agreement calculated at Physician's current hourly rate (i.e., current Annual Salary divided by 2080 hours = hourly rate). All payments made by Authority to Physician under this paragraph will be subject to all applicable federal and state taxes and withholding requirements.

6.5 Sick Leave. Physician shall be entitled to sick leave subject to Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.

6.6 Education Leave. Physician shall receive eighty (80) hours paid education leave annually. The first eighty (80) hours will accrue on the Commencement Date. On each successive Employment Year, if any, an additional eighty (80) hours paid education leave will accrue. Education leave must be used within the year that it is accrued. Physician will not be paid for unused education leave upon termination of employment. The Department Chair must approve education leave in advance of use. Physician's participation in educational programs, services or other approved activities set forth herein shall be subordinate to Physician's obligations and duties under this Agreement.

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$2,500 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

6.8 Flexible Spending Plan. Physician shall be eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by Physician if she elects to participate in the plan.

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician and the Department Chair. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

6.10 Unpaid Leave of Absence. Physician may take an unpaid leave of absence in accordance with Authority policies in effect at the time the leave is taken.

6.11 Social Security. Physician is exempt from payment of Social Security taxes as the Kern County Hospital Authority Defined Contribution Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

6.12 Deferred Compensation. Physician shall be eligible to participate in the Kern County Deferred Compensation Plan ("457 Plan") on a pre-tax basis. Physician shall make all contributions if she elects to participate in the 457 Plan.

6.13 Disability Insurance. Physician shall be eligible to purchase Long Term Disability or Short Term Disability insurance coverage through payroll deduction on a post-tax basis. This is a voluntary benefit that is paid by Physician if she elects to participate in the plan.

6.14 Employee Assistance/Wellness Programs. Physician shall be eligible to participate in any Authority-sponsored employee assistance and employee wellness programs.

6.15 Relocation Reimbursement. Authority shall reimburse Physician for actual relocation expenses (defined as the packing, moving and unpacking of household goods and vehicles) and travel expenses (defined as lodging, meals, mileage and incidental expenses) associated in moving to Bakersfield, California, in an amount not to exceed \$20,000, payable in arrears, in accordance with Authority policy (no later than 90 days from the Commencement Date). Reimbursement of travel expenses will include per mile reimbursement for one (1) personal vehicle at the current privately owned vehicle (POV) mileage reimbursement rate established by the U.S. General Services Administration, meals and incidental expenses for Physician only at the current domestic per diem rates established by the U.S. General Services Administration for Kern County, and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by Authority. Physician shall be deemed vested in reimbursement of relocation expenses in the amount of \$555.56 per month beginning on the last day of the month in which the relocation expenses are reimbursed to Physician. In the event Physician's employment is terminated by either party, with or without cause, then, on the effective date of such termination, Physician shall repay to Authority all amounts received in which Physician has not yet become vested.²

6.16 Limitation on Benefits. Except as expressly stated herein, Physician shall receive no other benefits from Authority.

7. Assignment. Physician shall not assign or transfer this Agreement or her obligations hereunder or any part thereof. Physician shall not assign any money due or which becomes due to Physician under this Agreement without the prior written approval of Authority.

8. Assistance in Litigation. Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.

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

10. Captions and Interpretation. Paragraph 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 such provision, and this Agreement shall be construed as if jointly prepared by the parties.

² By way of example only, in the event Physician terminates her employment after eighteen (18) months then Physician will be vested to the extent of \$10,000 in the relocation expenses described herein and will be obligated to repay Authority the amount of \$10,000. In the event Physician fails to pay such amount to Authority, Physician expressly grants to Authority the right to offset any amounts owed to Authority against any payments made to Physician by Authority.

11. **Choice of Law/Venue.** This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.

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

13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that she receives in the course of her employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.

14. **Conflict of Interest.** Physician covenants that she has no interest and that she will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of her services hereunder. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.

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

16. **[RESERVED].**

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

18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician rendered on behalf of Authority; provided, however, that the provisions of this paragraph shall not apply to any services rendered at any location other than Practice Sites designated by Authority or KMC without approval by the Kern County Hospital Authority Board of Governors, and, provided

further, that Authority shall have no duty or obligation to defend, indemnify, or hold Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

19. **Invalidity of a Portion.** Should a portion, section, paragraph, or term of this Agreement be construed as invalid by a court of competent jurisdiction, or a competent state or federal agency, the balance of the Agreement shall remain in full force and effect. Further, to the extent any term or portion of this Agreement is found invalid, void or inoperative, the parties agree that a court may construe the Agreement in such a manner as will carry into force and effect the intent appearing herein.

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

21. **Non-appropriation.** Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Physician, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Physician shall be given thirty (30) days' prior written notice in the event that Authority requires such an action.

22. **Nondiscrimination.** No party to this Agreement shall discriminate on the basis of race, color, religion, sex, national origin, age, marital status or sexual orientation, ancestry, physical or mental disability, medical conditions, political affiliation, veteran's status, citizenship or marital or domestic partnership status or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.

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

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

Notice to Physician:

Katelyn B. Furey, M.D.
409 Laspino Lane
Diamond Bar, California 97165

Notice to Authority:

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

25. **Relationship.** Authority and Physician recognize that Physician is rendering specialized, professional services. The parties recognize that each is possessed of legal knowledge and skill, and that this Agreement is fully understood by the parties, and is the result of bargaining between the parties. Each party acknowledges their opportunity to fully and independently review and consider this Agreement and affirm complete understanding of the effect and operation of its terms prior to entering into the same.

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

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

28. **Termination.**

28.1 **Termination without Cause.** Either party shall have the right to terminate this Agreement, without penalty or cause, by giving not less than ninety (90) days' prior written notice to the other party.

28.2 **Immediate Termination.** Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct

that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

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

29.2 **Vacate Premises.** Upon expiration or earlier termination of this Agreement, Physician shall immediately vacate KMC, removing at such time any and all personal property of Physician. KMC may remove and store, at the expense of Physician, any personal property that Physician has not so removed.

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

29.4 **No Hearing Rights.** Termination of this Agreement by Authority or KMC for any reason shall not provide Physician the right to a fair hearing or the other rights more particularly set forth in the KMC Medical Staff Bylaws.

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

[SIGNATURES FOLLOW ON NEXT PAGE]

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

PHYSICIAN

By Katelyn B. Furey
Katelyn B. Furey, 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

EXHIBIT "A"
JOB DESCRIPTION
Katelyn B. Furey, M.D.

Position Description: Reports to Chair, Department of Obstetrics; serves as full-time attending physician in the Department and Division of Gynecologic Oncology; provides no fewer than eighty (80) hours of service per biweekly pay period; provides professional, comprehensive and safe clinical coverage for operations, timely completion of therapeutic and diagnostic procedures, direct patient care, scholarly research and resident education; works collaboratively with clinic and Department staff and hospital administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

Clinical Responsibilities.

- Supervise residents while on service
- Provide services in the clinics as assigned by the Department Chair
- Provide gynecologic oncology and gynecologic services
- Supervise procedures performed by residents and mid-levels while on service
- Perform therapeutic and diagnostic procedures within the scope of practice for a gynecologic oncologist while on service
- Develop a coordinated schedule with other gynecologic oncologists on staff to provide on-site consultations as requested on weekdays
- Develop a coordinated schedule with other gynecologic oncologists on staff to respond to emergency consultations on weekends

Teaching Responsibilities.

- Participate in morning report, morbidity and mortality conference, board review, and Journal Club
- Participate in bedside and clinic teaching of residents and medical students
- Participate in didactic lectures and teaching conferences
- Support the residency program director by interviewing residency applicants
- Assist in preparing residents for written and oral boards and review case logs
- Assist the residency program director through individual monitoring, counseling, and evaluation of residents as appropriate
- Assist with scholarly activity for the residency program
- Pursue scholarly pursuits for improvements in patient care and academic productivity for scientific presentations and publications

Administrative Responsibilities.

- Participate in Department quality improvement activities
- Participate in development of Department curriculum
- Support the Department Chair in developing monitoring tools to measure quality, access, financial, and satisfaction outcomes for the Department and academic training programs
- Follow Department rules as specified in the Department policies and procedures

- 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
- Support accreditation of the cancer program by the American College of Surgeons
- Provide other administrative activities, as assigned by the Department Chair

Medical Education; Academic Responsibilities.

- Provide clinical mentoring to and evaluation of residents and medical students
- 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.

- Attend Department staff meetings and the annual Medical Staff meeting
- Participate in Medical Staff committees as assigned by the President of the Medical Staff
- Attend and participate in the Cancer Committee and its related subcommittees

Employment Standards:

Completion of an accredited fellowship 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]

EXHIBIT “B”

AUTHORIZATION TO RELEASE INFORMATION

[To Be Attached]

AUTHORIZATION TO RELEASE INFORMATION

I, the undersigned physician, hereby authorize Kern Medical Center ("KMC") and its duly authorized representatives to obtain information from time to time about my professional education, training, licensure, credentials competence, ethics and character from any source having such information. This information may include, without limitation, peer review information, DRG and RVU analyses, ancillary usage information and other utilization and quality related data.

I hereby release the Kern County Hospital Authority and KMC, its authorized representatives and any third parties from any liability for actions, recommendations, statements, reports, records or disclosures, including privileged and confidential information, involving me that are made, requested, taken or received by KMC or its authorized representatives to, from or by any third parties in good faith and relating to or arising from my professional conduct, character and capabilities.

I agree that this authorization to release information shall remain effective until termination of my employment by the Kern County Hospital Authority and KMC. A duplicate of this authorization may be relied upon to the same degree as the original by any third party providing information pursuant to this request.

Katlyn B. Frey
Physician

May 26, 2025
Date



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

June 18, 2025

Subject: Proposed Agreement with Karim Merchant, M.D., a contract employee, for professional medical services in the Department of Medicine

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an Agreement with Karim Merchant, M.D., for professional medical services in the Department of Medicine from August 9, 2025 through August 8, 2028, in an amount not to exceed \$2,000,000.

Dr. Merchant is currently a Fellow in Pulmonary and Critical Care at Keck Medicine of University of Southern California at Los Angeles General Medical Center. He received his Doctorate of Medicine at Drexel University in Philadelphia and completed his Internal Medicine Residency training at Loyola University Medical Center in Maywood, IL. He currently holds a California state medical license and is board certified in internal medicine and pulmonary disease subspecialty. He is scheduled to take the critical care subspecialty certification exam later this year.

The proposed Agreement is for a term of three-years from August 9, 2025 through August 8, 2028. Dr. Merchant will receive a guarantee base salary of \$520,000 for teaching, administrative duties, patient care and call (1:4) responsibilities for year one of his employment. Thereafter, he will be compensated based on his productivity at the rate of \$73.85 per worked RVU. In addition to his annual salary of \$520,000, Dr. Merchant will receive incentive compensation at the rate of \$73.85 per worked RVU generated in excess of 6,672 per employment year as well as optional hospitalist shifts at \$1,840 per 12-hour shift. In addition to his compensation package, Dr. Merchant will receive the standard complement of benefits offered to all Kern Medical physicians. The maximum payable will not to exceed \$2,000,000 over the three-year term of the Agreement.

Dr. Merchant's annual salary is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for his specialty and represents the reasonable fair market value compensation for the services to be provided by Dr. Merchant.

Therefore, it is recommended that your Board approve the Agreement with Karim Merchant, M.D., for professional medical services in the Department of Medicine from August 9, 2025 through August 8, 2028, in an amount not to exceed \$2,000,000, plus applicable benefits, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Karim R. Merchant, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2025, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Karim R. Merchant, M.D. (“Physician”).

**I.
RECITALS**

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

(b) Authority requires the assistance of Physician to provide professional medical services in the Department of Medicine at KMC (the “Department”), as such services are unavailable from Authority resources, and Physician desires to accept employment on the terms and conditions set forth in this Agreement; and

(c) Physician is specially trained, experienced, expert, and competent to perform such services;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The initial term of this Agreement (“Initial Term”) shall be for a period of three (3) years, commencing as of August 9, 2025 (the “Commencement Date”). At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for two (2) additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

2. **Employment.** Authority hereby employs Physician 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.

3. **Representations and Warranties.** Physician represents and warrants to Authority and KMC, upon execution and throughout the Term of this Agreement, as follows: (i) Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement; (ii) Physician's license to practice medicine in the state of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to the terms of probation or other restriction; (iii) Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; (iv) Physician holds a valid Controlled Substance Registration Certificate issued by the Drug Enforcement Administration that has never been revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (v) Physician is not currently and has never been an Ineligible Person¹; (vi) Physician is not currently the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; and (vii) Physician has, and shall maintain throughout the Term of this Agreement, an unrestricted license to practice medicine in the state of California and staff membership and privileges at KMC.

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis exclusively as an exempt employee of Authority. Physician shall render those services set forth in Exhibit "A," attached hereto and incorporated herein by this reference.

4.2 **Use of Premises.** Physician shall use the Practice Sites as designated by Authority or KMC exclusively for the practice of medicine in the care and treatment of patients and shall comply with all applicable federal, state, and local laws, rules and regulations related thereto.

4.3 **Qualifications.**

4.3.1 **Licensure.** Physician shall maintain a current valid license to practice medicine in the state of California at all times during the Term of this Agreement.

4.3.2 **Board Certification.**

A) Physician shall be board certified by the American Board of Internal Medicine in internal medicine-general and pulmonary disease-subspecialty, and maintain such certifications at all times during the Term of this Agreement.

¹ An "Ineligible Person" is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

- B) Physician shall be board certified by the American Board of Internal Medicine in critical care medicine-subspecialty within twenty-four (24) months of the Commencement Date and shall maintain such certification at all times during the Term of this Agreement.

4.3.3 Medical Staff Status. Physician shall at all times during the Term of this Agreement be a member in good standing of the KMC medical staff with “active” staff status and hold all clinical privileges on the active medical staff appropriate to the discharge of his obligations under this Agreement.

4.3.4 TJC and ACGME Compliance. Physician shall observe and comply with all applicable standards and recommendations of The Joint Commission and Accreditation Council for Graduate Medical Education.

4.4 Loss or Limitation. Physician shall notify KMC in writing as soon as possible (but in any event within three (3) business days) after any of the following events occur: (i) Physician’s license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (ii) Physician’s medical staff privileges at KMC or any other health care facility are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (iii) Physician’s Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (iv) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (v) Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (vi) an event occurs that substantially interrupts all or a portion of Physician’s professional practice or that materially adversely affects Physician’s ability to perform Physician’s obligations hereunder.

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC Medical Staff Bylaws, Rules, Regulations, and policies, the standards for physicians established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

4.6 Managed Care Contracting. Physician shall cooperate in all reasonable respects necessary to facilitate KMC’s entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable KMC to participate in any third-party payer arrangements, Physician shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a “Managed Care Organization”) designated by KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional

services to patients covered by such Managed Care Organization; and/or (iii) enter into a written agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

4.7 Authorization to Release Information. Physician hereby authorizes Managed Care Organizations, government programs, hospitals and other third parties to release to KMC and its agents any information requested by KMC or its agents from time to time relating to Physician's professional qualifications or competency. Physician agrees to execute the Authorization to Release Information in the form set forth in Exhibit "B," attached hereto and incorporated herein by this reference, and to execute all other documents required by KMC from time to time and to otherwise fully cooperate with KMC to enable KMC and its agents to obtain such information from third parties.

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC Medical Staff Bylaws, Rules, Regulations, and Policies. Documentation by Physician shall conform to the requirements for evaluation and management (E/M) services billed by teaching physicians set forth in the Medicare Carriers Manual, Part 3, sections 15016–15018, inclusive. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

4.9 Physician Private Practice. Physician understands and agrees that he shall not enter into any other physician employment contract or otherwise engage in the private practice of medicine during the Term of this Agreement or any extensions thereof.

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician's activities, Physician, through the nature of his work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person, hospital, firm, partnership, entity or organization (except when authorized in writing by KMC) any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

4.11 Physician Covenants. Physician covenants that from the Commencement Date and continuing throughout the Term of this Agreement, Physician, unless otherwise permitted by the written consent of Authority shall not, on Physician's own account or as an employee, landlord, lender, trustee, associate, consultant, partner, agent, principal, contractor, owner, officer, director, investor, member or stockholder of any other person, or in any other capacity, directly or indirectly, in whole or in part: (i) engage in any activities that are in competition with KMC, including the operation of any medical practice or offering of any medical services that are similar to services offered at the Practice Sites; (ii) solicit or encourage the resignation of any employee of Authority or KMC with whom Physician had a working relationship during Physician's employment with Authority; (iii) solicit or divert patients with whom Physician had personal contact during such employment; or (iv) influence or attempt to influence any payer, provider or other person or entity to cease, reduce or alter any business relationship with Authority or KMC relating to the Practice Sites.

5. Compensation Package.

5.1 Annual Compensation. Physician shall work full time, which is a minimum of eighty (80) hours per biweekly pay period, and will be compensated with cash and other value as described below in this paragraph 5.1 ("Annual Salary").

5.1.1 August 9, 2025 through August 8, 2026.

A) Compensation Methodology. Authority shall pay Physician a guarantee salary ("Guarantee Salary") as payment for teaching and administrative services and the care of KMC patients in the amount of the greater of (i) \$520,000 (the "Minimum Amount") per year, or (ii) payment for teaching and administrative services and the care of KMC patients using the current Medical Group Management Association Physician Compensation and Production Survey ("MGMA Survey Data") with more than one year in the specialty for all physicians section. A conversion factor will be established by dividing the seventy-fifth (75th) percentile Total Compensation by the 75th percentile worked relative value unit ("Worked RVU") in that same category. Physician will be compensated at the current rate of \$73.85 for each Worked RVU ("RVU Effort") for each Worked RVU in excess of 6,672 generated during the period August 9, 2025 through August 8, 2026. No later than the end of each Employment Year, KMC will review the MGMA Survey Data to establish a new rate for the Worked RVU.

B) Reconciliation of Guarantee Salary. Within thirty (30) days after the end of each quarter during the Guarantee Period, KMC will calculate the RVU Effort for such immediately preceding quarter, taking into account the RVU Effort from August 9, 2025, through the end of the subject quarter, and the RVU Effort generated from the Guarantee Period shall be determined (the "Actual Amount"). KMC will undertake a reconciliation of the RVU Effort, for services provided by Physician during the Guarantee Period, no later than the end of one hundred twenty (120) days from the conclusion of the Guarantee Period. If the prorated Minimum Amount is lower than the Actual Amount, then such difference shall be paid to Physician as Guarantee Salary within thirty (30) days after such calculation has been completed.

5.1.2 August 9, 2026 through August 8, 2028.

A) Annual Salary. Authority shall pay Physician an Annual Salary comprised of the following: (i) a base salary for teaching and administrative services and (ii) payment for care of KMC patients using the current Medical Group Management Association Physician Compensation and Production Survey (“MGMA Survey”) full-time physician compensation for all practice types section. A conversion factor will be established by dividing the seventy-fifth (75th) percentile Total Compensation by the 75th percentile worked relative value unit (“Worked RVU”) in that same category. Physician will be compensated at the current rate of \$73.85 for each Worked RVU (“RVU Effort”).

B) Salary Adjustment. KMC will establish an estimate (“Estimate”) of Physician’s RVU Effort using Physician’s RVU Effort for the immediately preceding twelve (12) month period annualized. The Estimate will be divided by the number of Authority payroll periods in a calendar year in order to calculate the amount of RVU Effort to be paid to Physician each payroll period (the “Paycheck Amount”). Within thirty (30) days after the end of each quarter, KMC will calculate the RVU Effort for such immediately preceding quarter, and adjust the payment for RVU Effort accordingly (the “Actual Amount”). If the Estimate is lower than the Actual Amount, then such difference shall be paid to Physician within thirty (30) days after such calculation has been completed, or as of the effective date of any termination of this Agreement, whichever occurs sooner. If the Estimate exceeds the Actual Amount, then Physician shall pay such difference to KMC: (i) in a lump sum within thirty (30) days after such calculation has been completed; or (ii) through a reduction in the Paycheck Amount during the next quarter; or (iii) in a lump sum as of the effective date of any termination of this Agreement, whichever occurs sooner. The Estimate shall be reestablished as of each Employment Year. **Physician hereby expressly grants to KMC the right to offset any amounts owed to KMC against any payment to be made to Physician by KMC pursuant to this paragraph if Physician fails to pay such excess to KMC.**

5.1.3 Biweekly Payment. Physician shall be paid biweekly on the same schedule as regular Authority employees. The exact date of said biweekly payments shall be at the sole discretion of Authority. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.1.4 Fair Market Value Compensation. The compensation provided under section 5.1 represents the parties’ good faith determination of the reasonable fair market value compensation for the services to be provided by Physician under this Agreement.

5.2 Hospitalist Shift Coverage (Optional). Authority shall pay Physician a per diem rate of \$1,840, less all applicable federal and state taxes and withholdings, for each daytime, twelve (12) hour scheduled hospitalist shift, Monday through Sunday, 7:00 a.m.-7:00 p.m.

5.3 Starting Bonus.

5.3.1 Bonus. Physician shall receive a starting bonus in the amount of \$45,000, less all applicable federal and state taxes and withholdings, payable within ten (10) business days of the Commencement Date. Physician shall forfeit the starting bonus if he fails to report to work on the Commencement Date.

5.3.2 Repayment. In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever before the first anniversary of this Agreement, Physician shall repay to Authority an amount equal to \$45,000 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 starting bonus.

5.4 Professional Fee Billing.

5.4.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation, both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician's private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

5.4.2 Remittance of Professional Fee Charges. Physician shall remit all professional fee charges to KMC within forty-five (45) days of the date direct patient care services are provided by Physician. Any professional fee charges not remitted by Physician to KMC within forty-five (45) days of the date of such service, or any charges for which relevant documentation has not been provided, will not be credited to Physician as Worked RVU.

5.5 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$2,000,000 over the three (3) year Initial Term of this Agreement.

6. Benefits Package.

6.1 Retirement. Physician shall participate in the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (the "Plan"), a qualified defined

contribution pension plan, pursuant to the terms of the instrument under which the Plan has been established, as from time to time amended. Physician is not eligible to participate in any other retirement plan established by Authority for its employees, including but not limited to the Kern County Employees' Retirement Association, and this Agreement does not confer upon Physician any right to claim entitlement to benefits under any such retirement plan(s).

6.2 Health Care Coverage. Physician shall receive the same health benefits (medical, dental, prescription and vision coverage) as all eligible Authority employees. The employee share of cost is twenty percent (20%) of the current biweekly premium. Physician is eligible for coverage the first (1st) day of the biweekly payroll period coincident with or next following the day she completes one (1) month of continuous service. Physician's initial hire date is the initial opportunity to enroll in the health plan. Physician must work at least forty (40) hours per biweekly pay period to be eligible for coverage.

6.3 Holidays. Physician shall be entitled to paid holidays subject to Authority policy, as amended from time to time. Physician will not be paid for banked holidays upon termination of employment.

6.4 Vacation. Physician shall be entitled to vacation leave subject to Authority policy, as amended from time to time. Physician shall be paid for accrued and unused vacation leave, if any, upon termination or expiration of this Agreement calculated at Physician's current hourly rate (i.e., current Annual Salary divided by 2080 hours = hourly rate). All payments made by Authority to Physician under this paragraph will be subject to all applicable federal and state taxes and withholding requirements.

6.5 Sick Leave. Physician shall be entitled to sick leave subject to Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.

6.6 Education Leave. Physician shall receive eighty (80) hours paid education leave annually. The first eighty (80) hours will accrue on the Commencement Date. On each successive Employment Year, if any, an additional eighty (80) hours paid education leave will accrue. Education leave must be used within the year that it is accrued. Physician will not be paid for unused education leave upon termination of employment. The Department Chair must approve education leave in advance of use. Physician's participation in educational programs, services or other approved activities set forth herein shall be subordinate to Physician's obligations and duties under this Agreement.

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$2,500 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

6.8 Flexible Spending Plan. Physician shall be eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain

insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician and the Department Chair. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

6.10 Unpaid Leave of Absence. Physician may take an unpaid leave of absence in accordance with Authority policies in effect at the time the leave is taken.

6.11 Social Security. Physician is exempt from payment of Social Security taxes as the Kern County Hospital Authority Defined Contribution Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

6.12 Deferred Compensation. Physician shall be eligible to participate in the Kern County Deferred Compensation Plan ("457 Plan") on a pre-tax basis. Physician shall make all contributions if he elects to participate in the 457 Plan.

6.13 Disability Insurance. Physician shall be eligible to purchase Long Term Disability or Short Term Disability insurance coverage through payroll deduction on a post-tax basis. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.14 Employee Assistance/Wellness Programs. Physician shall be eligible to participate in any Authority-sponsored employee assistance and employee wellness programs.

6.15 Relocation Reimbursement. Authority shall reimburse Physician for actual relocation expenses (defined as the packing, moving and unpacking of household goods and vehicles) and travel expenses (defined as lodging, meals, mileage and incidental expenses) associated in moving to Bakersfield, California, in an amount not to exceed \$15,000, payable in arrears, in accordance with Authority policy (no later than 90 days from the Commencement Date). Reimbursement of travel expenses will include per mile reimbursement for one (1) personal vehicle at the current privately owned vehicle (POV) mileage reimbursement rate established by the U.S. General Services Administration, meals and incidental expenses for Physician only at the current domestic per diem rates established by the U.S. General Services Administration for Kern County, and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by Authority. Physician shall be deemed vested in reimbursement of relocation expenses in the amount of \$416.67 per month beginning on the last day of the month in which the relocation expenses are reimbursed to Physician. In the event Physician's employment is terminated by either party, with or without cause, then, on the effective date of such termination, Physician shall repay to Authority all amounts received in which Physician has not yet become vested.²

² By way of example only, in the event Physician terminates his employment after eighteen (18) months then Physician will be vested to the extent of \$10,000 in the relocation expenses described herein and will be obligated to repay Authority the amount of

6.16 **Limitation on Benefits.** Except as expressly stated herein, Physician shall receive no other benefits from Authority.

7. **Assignment.** Physician shall not assign or transfer this Agreement or his obligations hereunder or any part thereof. Physician shall not assign any money due or which becomes due to Physician under this Agreement without the prior written approval of Authority.

8. **Assistance in Litigation.** Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.

9. **Authority to Incur Financial Obligation.** It is understood that Physician, in his performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.

10. **Captions and Interpretation.** Paragraph 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 such provision, and this Agreement shall be construed as if jointly prepared by the parties.

11. **Choice of Law/Venue.** This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.

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

13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.

14. **Conflict of Interest.** Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.

\$10,000. In the event Physician fails to pay such amount to Authority, Physician expressly grants to Authority the right to offset any amounts owed to Authority against any payments made to Physician by Authority.

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

16. **[RESERVED]**.

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

18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician rendered on behalf of Authority; provided, however, that the provisions of this paragraph shall not apply to any services rendered at any location other than Practice Sites designated by Authority or KMC without approval by the Kern County Hospital Authority Board of Governors, and, provided further, that Authority shall have no duty or obligation to defend, indemnify, or hold Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

19. **Invalidity of a Portion.** Should a portion, section, paragraph, or term of this Agreement be construed as invalid by a court of competent jurisdiction, or a competent state or federal agency, the balance of the Agreement shall remain in full force and effect. Further, to the extent any term or portion of this Agreement is found invalid, void or inoperative, the parties agree that a court may construe the Agreement in such a manner as will carry into force and effect the intent appearing herein.

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

21. **Non-appropriation.** Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Physician, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Physician shall be given thirty (30) days' prior written notice in the event that Authority requires such an action.

22. **Nondiscrimination.** No party to this Agreement shall discriminate on the basis of race, color, religion, sex, national origin, age, marital status or sexual orientation, ancestry, physical or

mental disability, medical conditions, political affiliation, veteran's status, citizenship or marital or domestic partnership status or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.

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

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

Notice to Physician:

Karim R. Merchant, M.D.
3333 W. 2nd Street, Apt. 52-112
Los Angeles, California 90004

Notice to Authority:

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

25. **Relationship.** Authority and Physician recognize that Physician is rendering specialized, professional services. The parties recognize that each is possessed of legal knowledge and skill, and that this Agreement is fully understood by the parties, and is the result of bargaining between the parties. Each party acknowledges their opportunity to fully and independently review and consider this Agreement and affirm complete understanding of the effect and operation of its terms prior to entering into the same.

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

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

28. **Termination.**

28.1 Termination without Cause. Either party shall have the right to terminate this Agreement, without penalty or cause, by giving not less than ninety (90) days' prior written notice to the other party.

28.2 Immediate Termination. Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

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

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

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

29.4 No Hearing Rights. Termination of this Agreement by Authority or KMC for any reason shall not provide Physician the right to a fair hearing or the other rights more particularly set forth in the KMC Medical Staff Bylaws.

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

[SIGNATURES FOLLOW ON NEXT PAGE]

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

PHYSICIAN

By Karim R. Merchant 6/12/2015
Karim R. Merchant, 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

**EXHIBIT “A”
JOB DESCRIPTION
Karim R. Merchant, M.D.**

Position Description: Reports to Chair, Department of Medicine and Director, Pulmonary Disease and Critical Care Medicine; serves as full-time faculty in the Department and internal medicine residency; provides no fewer than eighty (80) hours per pay period in teaching, administrative, and clinical activity; provides professional, comprehensive and safe clinical coverage for operations, timely completion of therapeutic and diagnostic procedures, direct patient care, scholarly research and resident education; works collaboratively with clinic and Department staff and hospital administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

Essential Functions:

1. Clinical Responsibilities.
 - Supervise residents and medical students while on service
 - Perform therapeutic and diagnostic procedures within the scope of practice for an internal medicine and critical care specialist while on service
 - Provide mutually agreed upon coverage in the intensive care and direct observation units
 - Provide mutually agreed upon 1:4 weekday and weekend after hours call coverage for the intensive care and direct observation units
 - Supervise procedures performed by residents and mid-levels while on service
 - Provide mutually agreed upon outpatient clinic services related to pulmonary disease and critical care medicine
2. Medical Education; Academic Responsibilities.
 - Provide clinical mentoring to and evaluation of residents and medical students
 - Establish and maintain academic appointment at David Geffen School of Medicine at University of California, Los Angeles
3. Teaching.
 - Participate in the daily one-hour pulmonary disease and critical care medicine didactic lectures while on service
 - Provide afternoon pulmonary disease and critical care medicine related lectures (minimum of three [3] per year) while on service
 - Teach the ACLS course twice annually
 - Participate in monthly pulmonary disease and critical care medicine grand rounds, as mutually agreed upon
4. Administrative Responsibilities.
 - Participate as requested in the joint ICU committee and code blue subcommittee
 - Participate as requested in the oversight of matters related to the intensive care and direct observation units, including without limitation, development of policies and procedures, quality improvement, and oversight of medical care

- Participate in development of Department curriculum
- Participate in recruitment of Department professional staff

5. Committee Assignments.

- Attend Department staff meetings and the annual medical staff meeting
- Participate in medical staff committees as assigned by the President of the Medical Staff

Employment Standards:

Three years of post-fellowship training in pulmonary disease and critical care medicine

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 Internal Medicine in internal medicine-general AND pulmonary disease-subspecialty AND critical care medicine-subspecialty

Knowledge of: The principles and practices of modern medicine; current techniques, procedures, and equipment applicable to pulmonary and critical care medicine; principles of effective supervision and program development.

[INTENTIONALLY LEFT BLANK]

EXHIBIT “B”

AUTHORIZATION TO RELEASE INFORMATION

[TO BE ATTACHED]

AUTHORIZATION TO RELEASE INFORMATION

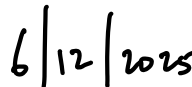
I, the undersigned physician, hereby authorize Kern Medical Center ("KMC") and its duly authorized representatives to obtain information from time to time about my professional education, training, licensure, credentials competence, ethics and character from any source having such information. This information may include, without limitation, peer review information, DRG and RVU analyses, ancillary usage information and other utilization and quality related data.

I hereby release the Kern County Hospital Authority and KMC, its authorized representatives and any third parties from any liability for actions, recommendations, statements, reports, records or disclosures, including privileged and confidential information, involving me that are made, requested, taken or received by KMC or its authorized representatives to, from or by any third parties in good faith and relating to or arising from my professional conduct, character and capabilities.

I agree that this authorization to release information shall remain effective until termination of my employment by the Kern County Hospital Authority and KMC. A duplicate of this authorization may be relied upon to the same degree as the original by any third party providing information pursuant to this request.



Physician



Date



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

June 18, 2025

Subject: Proposed Amendment No. 3 to Agreement 041-2023 for professional medical services with Tarun Rustagi, M.D., a contract employee

Recommended Action: Approve; Authorize the Chairman to sign

Summary:

Kern Medical requests your Board approve Amendment No. 3 to Agreement 041-2023 with Tarun Rustagi, M.D., for professional medical services in the Department of Medicine. Dr. Rustagi is a fellowship trained, board certified gastroenterologist, and has been employed by Kern Medical since March 16, 2023.

Dr. Rustagi's annual base salary of \$750,000 is calculated based on the current Medical Group Management Association (MGMA) Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided. The proposed Amendment increases the maximum payable by \$750,000, from \$5,726,435 to \$6,476,435, to cover the term. Dr. Rustagi provides comprehensive advanced gastroenterology services not only at our Kern Medical practice sites, but also serves as the sole full time gastroenterologist providing services to fulfill our Professional Services Agreement obligation with Adventist Health Physicians Network. Dr. Rustagi's work RVU effort places him well above the 90th percentile for the MGMA Physician Compensation and Production Survey for gastroenterology.

Therefore, it is recommended that your Board approve Amendment No. 3 to Agreement 041-2023 with Tarun Rustagi, M.D., a contract employee, for professional medical services in the Department of Medicine, increasing the maximum payable by \$750,000, from \$5,726,435 to \$6,476,435, to cover the term, and authorize the Chairman to sign.

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

This Amendment No. 3 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2025, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Tarun Rustagi, M.D. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #041-2023, dated March 15, 2023), Amendment No. 1 (Agt. #053-2024, dated March 20, 2024), and Amendment No. 2 (Agt. #041-2025, dated April 16, 2025) (collectively, the “Agreement”), for the period March 16, 2023 through March 15, 2026, whereby Physician provides professional medical services in the Department of Medicine at KMC; and

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

(c) The Agreement is amended effective June 18, 2025;

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

1. Section 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 \$6,476,435 over the three (3) year Initial Term of this Agreement.”

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

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

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

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

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

PHYSICIAN

By _____
Tarun Rustagi, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:

By _____
Scott Thygerson
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Vice President & General Counsel
Kern County Hospital Authority



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

June 18, 2025

Subject: Proposed approval of Compliance Program for fiscal year 2025-2026

Recommended Action: Approve; Authorize Chairman to sign

Summary:

A compliance program is a set of internal policies and procedures that is put into place to assist Kern Medical in complying with the law. An effective compliance program can enhance an organization's operations, improve quality of care, and reduce overall costs. It can also help identify problems upfront and make it possible to address them before they become systemic and costly.

The Office of Inspector General (OIG) issues guidance on compliance programs, including, most importantly, the seven basic elements OIG has long identified as fundamental to any compliance program.

The proposed Compliance Program outlines these seven elements and how Kern Medical plans to address these fundamental compliance elements. These compliance elements include the following:

First element is written policies and procedures, which have been created but will need to be reviewed and updated in this coming year.

Second element is to have a compliance professional. Kern Medical currently has an interim compliance and privacy officer but continues to search for permanent staff to keep up with federal and state compliance requirements and recommendations.

Third element is to conduct effective training. Kern Medical educates employees through teaching modules and in-person presentations making sure that employees are aware and understand the importance of Kern Medical's compliance program policies.

Fourth element is effective communication between the compliance office and all employees. Kern Medical has comment boxes, an anonymous hotline, and an open door policy to give employees a way to report misconduct and the reassurance that they will be protected from retaliation.

Fifth element is an internal monitoring process. Conducting audits is the heart of an effective compliance program. Monthly compliance meetings and investigations identify problems from time to time, and create creative solutions to minimize or resolve the issues.

Sixth element is the enforcement of compliance standards. It is not only about developing policies, distributing them, and educating employees, but making sure employees are actually following them and acting when someone is not complying with these standards.

Seventh element is to promptly and adequately respond to issues. When the Compliance office receives a report of suspected misconduct or other compliance-related issue, an investigation is started right away and steps are taken to resolve the issue as quickly as possible.

A robust compliance program is essential to achieving the standards of the seven elements and the first step is informing and integrating the plan into the management of Kern Medical.

Therefore, it is recommended that your Board approve the proposed Compliance Program for fiscal year 2025-2026 in support of Kern Medical's efforts to conduct a robust, organization wide enforced and documented Compliance Program, and authorize the Chairman to sign.

COMPLIANCE PROGRAM: PURPOSE AND OVERVIEW

Kern County Hospital Authority, ("Kern Medical Center") through its Board of Governors and its administration, is committed to quality and efficient patient care; high standards of ethical, professional and business conduct; and full compliance with all applicable federal and state laws affecting the delivery or payment of health care, including those that prohibit fraud and abuse or waste of health care resources.

The purpose of this Compliance Program and its component policies and procedures is to establish and maintain a culture within Kern Medical Center that promotes quality and efficient patient care; high standards of ethical and business conduct; and the prevention, detection and resolution of conduct that does not conform to Kern Medical Center's standards and policies, applicable law, and health care program or payor requirements. The Compliance Program applies to all Kern Medical Center personnel, including but not limited to its Board of Governors, administration, physicians and other practitioners, employees, volunteers, and other entities providing services on behalf of Kern Medical Center (collectively "Kern Medical Center personnel"). The Compliance Program includes the following elements:

1. Written standards, policies and procedures which promote Kern Medical Center's commitment to compliance with applicable laws and regulations. *Policy COM-LD-417*
2. The designation of a Compliance Committee charged with the responsibility of implementing and monitoring the Compliance Program. *Policy COM-LD-616*
3. Regular, effective education and training programs for all affected Kern Medical Center personnel as appropriate to their functions. *Policy HRM-HR-708*
4. A process to receive complaints concerning possible Compliance Program violations, procedures to protect the anonymity of complainants to the extent possible, and policies that protect complainants from retaliation. *Policy COM-LD-635*
5. A process to respond to allegations of improper activities and the enforcement of appropriate disciplinary action against Kern Medical Center personnel who have violated laws, regulations, health care program requirements, or Kern Medical Center policies. *Policy COM-LD-630*
6. Periodic audits or other methods to monitor compliance and assist in the reduction of problems in any identified areas. *Policy COM-LD-620*
7. A process for investigating and resolving any identified problems. *Policy COM-LD-645*

As demonstrated by the signatures below, the Compliance Program is enacted at the direction and with the support of the Board of Governors and hospital administration.

APPROVED BY:

Chairman, Board of Governors

Chief Executive Officer



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

June 18, 2025

Subject: Report on upcoming anticipated retroactive agreements

Recommended Action: Receive and File

Summary:

On February 18, 2025, your Board requested that staff notify your Board of upcoming retroactive agreements. Staff has compiled the attached report on upcoming anticipated retroactive agreements since last reported in April. As requested, all board memos will state the reason for the retroactivity and reference the date your Board was first notified the agreement would be retroactive.

Therefore, it is recommended that your Board receive and file the attached report.

BOARD OF GOVERNORS
REPORT ON UPCOMING ANTICIPATED RETROACTIVE AGREEMENTS
June 18, 2025

Agreement	Description
Service Agreement Quotation (00186541) with Advanced Sterilization Products for a 3 -month term.	Service contract for two Sterrad sterilizers. Negotiations with the vendor have taken longer than expected and the current agreement expires on July 7, 2025. Continued service of machinery will require execution before July's board meeting.

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

June 18, 2025

Subject: Presentation for the Cisco Telephony Upgrade project

Recommended Action: Receive and File

Summary:

Kern Medical is initiating a critical telephony infrastructure upgrade to replace its current phone system, which has been in place for over twenty (20) years. The existing system no longer meets the demands of the hospital and its network of clinics due to recurring system failures, outdated hardware, and limited functionality. As the healthcare environment evolves, a reliable and modern communication system has become essential to support clinical operations, patient care, and administrative efficiency.

The proposed Cisco Telephony Upgrade Project will deliver a fully modernized, integrated communication platform that supports Kern Medical's current and future needs. This solution will provide:

- **Improved Call Quality and Reliability:** Enhanced uptime and connectivity across all hospital departments and clinics.
- **Seamless Integration with AT&T:** The Cisco system interfaces with Kern Medical's existing telephone service provider, facilitating a smooth transition without service disruption.
- **Modern Call Center Capabilities:** Advanced management tools and call center features to support patient access and internal coordination—capabilities not available in the current system.
- **Future-Proof Hardware and Software:** Scalable infrastructure to meet the hospital's growing needs while ensuring compatibility with modern applications and future integrations.
- **Centralized Management:** Streamlined administration, monitoring, and support through a unified Cisco platform.

This presentation provides an overview of the total project and the requested approvals for three agreements to undertake this project:

1. Proposed Lease Agreement with Cisco Systems Capital Corporation to finance the purchase of equipment and services for the Cisco Telephony Upgrade from Presidio Networked Solutions Group, LLC.
2. Proposed Quote 2003225501586-10 to purchase equipment and services from Presidio Networked Solutions Group, LLC for the Cisco Telephony Upgrade project.
3. Proposed Statement of Work with Presidio Networked Solutions Group, LLC to provide professional services in support of the Cisco Telephony Upgrade project.

This project represents a strategic investment in the hospital's communications backbone, ensuring robust support for both clinical operations and patient experience.



Telephony Upgrade 2025

June 2025

Agenda

- **Presentation Summary**
- **Background**
- **Current State**
- **Challenges**
- **Vendor Selection and Requirements**
- **Included agreements / cashflow**
- **Project Roadmap**

Presentation Summary

- Kern Medical is initiating a critical telephony infrastructure upgrade to replace its current phone system, which has been in place for over twenty (20) years
- This presentation provides an overview of the total project and the requested approvals for three agreements to undertake this project:
 1. Cisco Capital Lease Agreement
 2. Presidio Bill of Materials for Hardware, Software and license
 3. Presidio Professional Service Agreement

Needs for the new phone system

- Modern Technology
- Work with our integrated delivery system to support:
 - Hospital,
 - Population health,
 - Ambulatory Care System, and
 - Various Business functions
- Call Center capabilities structured for monitoring/reporting
 - Billing and authorization
 - Centralized Scheduling
- Future integration with Electronic Health Records (EHR)

What we have with our current system

- 20+ Year Old Avaya System
- Issues with the Procurement of Hardware
- Unacceptable System Downtimes
- Support Challenges with Software
- Insufficient bandwidth for current call volumes
- No Call Reporting/Monitoring
- No Call Center Capability
- No scalability
- Currently managed by a third party - Cerium

Selection Process

- Five-month review and selection process
- Needed to meet all current standards for:
 - Reliability, Regulatory Compliance, Cyber Security, HIPAA, E911
- Have Telephony Circuit/Hardware/Software redundancy
- Be able to connect to modern telephony infrastructure
- Reporting and Analytics Functions
- Capable of including Contact Center EHR integration**
- Integrate with overhead alerting (Code Calls)
- Support a mobile workforce

** Optional but not included in the current proposal, and would be for extra cost

Vendor Business Models

- Vendors selling through a reseller
 - Cisco, Mitel, NEC and Avaya sell only through a “Value Added Reseller” (VAR) that bundle hardware, software, installation, integration, and support
 - Client-specific Exception for Cisco: does business direct with Stanford Health for research and development
- Vendors selling direct
 - Talk Desk, Ring Central , 8x8 sell their phone system solutions directly to the end customer, without intermediaries

Vendors selling direct

:talkdesk®

RingCentral®

8x8 Global Cloud
Communications

 **KernMedical** | *Health for Life.*

Vendors with a Reseller

Forerunner

NEC

 **Mitel®**

Presidio


CISCO

Cerium

AVAYA

Proposed Technology System: Cisco Systems, Inc. (NasdaqGS: CSCO)

www.cisco.com



Why do we propose Cisco as the Vendor of Choice

Longevity

- Enterprise-grade hardware with long lifecycle support
- Reliable performance with minimal need for frequent refresh
- Regular software/firmware updates and long-term vendor support

Market Leader

- Industry leader in networking, security, and collaboration
- Recognized by Gartner and industry analysts
- Broad partner and support ecosystem
- Proven track record with enterprise-grade deployments

On-Premise Capabilities

- Full-featured, high-performance on-premises infrastructure
- Robust support for private and hybrid environments
- Greater control over data, performance, and compliance

Price

- Competitive total cost of ownership (TCO) over time
- Fewer failures and reduced maintenance costs
- Strong resale/trade-in value and financing options
- Scalable licensing for cost-efficient growth

Cisco Customers in Healthcare



Why Choose Presidio for Professional Services

- Presidio is our current reseller for all Cisco Networking Hardware
 - Knowledgeable in our environment / business challenges
 - Presidio is a Cisco Gold Certified Partner, which is the highest level of Cisco partnership
 - Extensive Cisco product knowledge
 - Access to Cisco support, tools, and resources
 - Proven success in deploying Cisco Collaboration solutions
- according to Cisco Validated Designs

The proposed Cisco Telephony Upgrade project will include a variety of agreements to complete the project. The most significant of these agreement are on today's agenda for your approval and include:

- **Cisco Capital Lease Agreement**

- The Lease agreement is for a term of five (5) years effective July 1, 2025
- Total amount financed \$1,693,048
- Sales tax \$26,596
- Finance interest rate 1.99%
- Finance charges \$88,395
- Total cost of the agreement \$1,808,039
- At the end of the five (5) years, there is an option of a \$1 buyout to complete the agreement.
- All equipment financed by this proposed Lease Agreement will be purchased through the proposed Quote #2003225501586-10 with Presidio Networked Solutions Group, LLC. on today's agenda for your approval.

- **Proposed Statement of Work with Presidio Networked Solutions Group, LLC**
 - Outlines the purchase of professional services to augment current staff services in support of the Cisco Telephony Upgrade project.
 - 1-Year term, effective July 1, 2025
 - With a Not to exceed of \$165,275
- **Additional Agreements to support project implementation**
 - **Cabling Services:**
 - To upgrade and replace existing cabling in the first year of the project.
 - Not to exceed \$64,738
 - **Project Management:**
 - Contracted position to manage the system replacement project
 - Not to exceed \$187,200
 - **Desktop Support:**
 - Per Diem desktop support personnel to replace phones as needed
 - Total not to exceed \$78,000

Related Project Costs

- **Ongoing AT&T circuit costs under current AT&T services agreement:**
 - Modern AT&T telephony circuit (SIP Trunks)
 - Monthly recurring utility cost
 - Average cost per year \$80,000
- **Renewal of 3rd party Software licenses for years 6 and 7 with the following vendors**
 - Smartnet renewal – Not to Exceed \$22,424
 - Red Sky e911 – Not to Exceed \$9,245
 - VMWare licensing – Not to Exceed \$27,935

Savings from ending current service

- **Legacy services to be discontinued starting in year 2 of the project**
 - AT&T legacy circuits - \$150,000 per year
 - Current Avaya support contracts through Cerium - \$174,357 per year
 - Spectrio Music on Hold - \$708 per year

Total Cost of Replacement System less Discontinued Current Services

- Total cost of the project over 7 years: \$2,922,855
- Current/legacy services cost for the next 7 years that will be discontinued in Year 2 of the project: \$1,950,390
- Net total cost of the Cisco Telephony Upgrade project over the next 7 years: \$972,465

Cash Flow – Total Cost

	FY2026 Year 1	FY2027 Year 2	FY2028 Year 3	FY2029 Year 4	FY2030 Year 5	FY2031 Year 6	FY2032 Year 7	Total
Proposed Lease Agreement with Cisco Systems / Proposed Presidio Quote 2003225501586-10								
Telephony Licensing and Hardware	\$ 361,608	\$ 361,608	\$ 361,608	\$ 361,608	\$ 361,608	\$ -	\$ -	\$ 1,808,038
Proposed Statement of Work with Presidio Network Solutions Group, LLC								
Presidio Professional Installation Fees	\$ 165,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,275
Additional Project Requirements								
Smartnet Renewal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,212	\$ 11,212	\$ 22,424
Red Sky e911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,623	\$ 4,623	\$ 9,245
Cabling Services	\$ 64,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,738
Project Manager	\$ 187,200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,200
VMWare Licensing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,967	\$ 13,967	\$ 27,935
Desktop Support	\$ 78,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,000
AT&T SIP Trunks	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 560,000
Total Not To Exceed	\$ 936,821	\$ 441,608	\$ 441,608	\$ 441,608	\$ 441,608	\$ 109,802	\$ 109,802	\$ 2,922,855
SAVINGS FROM SUNSET OF CURRENT AVAYA PHONE SYSTEM								
AT&T Telephony Savings	\$ -	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (900,000)
Avaya Tech Support Savings	\$ -	\$ (174,357)	\$ (174,357)	\$ (174,357)	\$ (174,357)	\$ (174,357)	\$ (174,357)	\$ (1,046,142)
Spectrio Music on Hold		\$ (708)	\$ (708)	\$ (708)	\$ (708)	\$ (708)	\$ (708)	\$ (4,248)
Savings Total	\$ -	\$ (325,065)	\$ (325,065)	\$ (325,065)	\$ (325,065)	\$ (325,065)	\$ (325,065)	\$ (1,950,390)
Net Project Costs with Savings	\$ 936,821	\$ 116,543	\$ 116,543	\$ 116,543	\$ 116,543	\$ (215,263)	\$ (215,263)	\$ 972,465

Project Roadmap

- **Design:** (6-9 months; concurrent w/ Phase 1)
 - Build System
- **Phase 1: Avaya Hardware Replacement:** (9-12 months)
 - Add infrastructure to C Wing Basement
 - Replace the current Avaya system with new Cisco core devices
 - Cisco Contact Center
 - Introduce Call Queues and Group-Based Answering to improve the Patient experience
 - Provides reporting and analytics enabling the Organization to measure and improve efficiency
 - Requirement: Current State Workflow review/update/build
- **Phase 2: Mobile Communication Tools (Acute and AMB):** (6 months)
 - Examples: Spectralink/Wi-Fi Phones
 - Overhead Paging utilizing Cisco VoIP

Requested Items proposed for Board Approval on today's agenda

- The Cisco Capital Lease Agreement of \$1,808,039
- The Presidio Quote for Hardware, Software and licenses to be paid by the proposed Cisco Capital Lease Agreement
- The Presidio Statement of Work with a not to exceed of \$165,275 to support the implementation of the Cisco Telephony Upgrade project

QUESTIONS?



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

June 18, 2025

Subject: Proposed Lease Agreement with Cisco Systems Capital Corporation to finance the purchase of equipment and services for the Cisco Telephony Upgrade from Presidio Networked Solutions Group, LLC

Recommended Action: Approve; Authorize Chairman to sign; Authorize Chief Executive Officer to sign any other documents later required to complete this lease agreement

Summary:

Kern Medical requests your Board approve the proposed Lease Agreement with Cisco Systems Capital Corporation to finance the purchase of equipment and services for the Cisco Telephony Upgrade from Presidio Networked Solutions Group, LLC. Kern Medical is proposing the Cisco Telephony Upgrade to replace an over twenty (20) year old telephone system that is not meeting the growing needs of the hospital and clinics due to various system failures and end of life hardware. The proposed project will allow for better phone connectivity and a complete modernization of the telephony server hardware and software. The proposed Cisco system interfaces with our current telephone provider AT&T and will allow for a more seamless transition between connectivity systems as well as management software and capabilities for the Kern Medical call centers currently not available with the current system.

The Lease agreement is a five (5) year agreement with a total cost of \$1,808,039 (\$1,693,047.36 plus tax of \$26,595.64 with finance charges totally \$88,395.20 (1.99%)). At the end of the 60 months, there will be a \$1 buy out to complete the agreement. All equipment financed by this proposed Lease Agreement will be purchased through a separate quote (#2003225501586-10) with Presidio Networked Solutions Group, LLC.

Counsel is unable to approve as to form due to non-standard terms which includes interest on late payments, indemnification only of Lessor, possible additional administrative fees, New York law and venue, waiver of jury trial, and attorney fees. Efforts were made to negotiate these terms, but to no avail.

Therefore, even with the non-standard terms and conditions, it is recommended that your Board approve the proposed Lease Agreement with Cisco Systems Capital Corporation to finance the purchase of equipment and services for the Cisco Telephony Upgrade from Presidio Networked Solutions Group, LLC, with a term of five (5) years effective July 1, 2025 through June 30, 2030, in an amount not to exceed \$1,808,039, authorize the Chairman to sign, and authorize the Chief Executive Officer to sign any other documents later required to complete this lease agreement.



Lease Agreement
PHONE: (866) CISCO-80 • (866) 247-2680

LESSEE	Full Legal Name Kern County Hospital Authority		Tax ID#		Phone Number	
	DBA Name (if any)				Purchase Order Requisition Number	
	Billing Address 1700 Mount Vernon Ave		City Bakersfield	State CA	Zip 93306	Send Invoice to Attention of:

EQUIPMENT INFORMATION	Equipment Make	Model No.	Serial Number	Description (Attach Separate Schedule If Necessary)
				See Presidio quote 2003225501586-10 dated May 20, 2025 for asset description purposes only.
Equipment Location (if not same as above)		City	State	Zip

PAYMENT INFORMATION	Number of Lease Payments	Lease Payment (PLUS)	Sales Tax (EQUALS)	Total Lease Payment
	60	\$29,667.92	\$466.05	\$30,133.97
		+	=	
		+	=	
		+	=	
		+	=	
	Term of Lease in Months 60		Payment Frequency: <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Other End of Lease Option: <input type="checkbox"/> FMV <input type="checkbox"/> 10% <input checked="" type="checkbox"/> \$1 <input type="checkbox"/> Other End of Lease Purchase Option shall be FMV unless another option is selected.	
Security Deposit (PLUS)	First Payment Period (PLUS)	Other (EQUALS)	Total Payment Enclosed	
+	+	=	\$0.00	

LESSEE SIGNATURE	You agree to all of the Terms and Conditions contained in both sides of this Lease, and in any attachments to same (all of which are included by reference) and become part of this Agreement. You acknowledge to have read and agreed to all the Terms and Conditions and understand that this is a non-cancelable agreement for the full term shown above.	
	You acknowledge that the leased equipment is: <input checked="" type="checkbox"/> NEW <input type="checkbox"/> USED	
	Signature	DOB N/A
	Date June 18, 2025	
	Print Name Phil McLaughlin	
	Title Chairman, Board of Governors	
	Legal Name of Corporation or Partnership Kern County Hospital Authority <small>(AGREEMENT MUST BE SIGNED BY AUTHORIZED CORPORATE OFFICER, PARTNER OR PROPRIETOR)</small>	

TERMS & CONDITIONS

Please read YOUR copy of this Lease carefully and call US with any questions YOU may have about it. The words “YOU” and “YOUR” refer to you as the “Lessee” and the words “WE”, “US” and “OUR” refer to Cisco Systems Capital Corporation, the “Lessor” of the System (defined below). IF THIS LEASE HAS BEEN PROVIDED TO YOU ELECTRONICALLY AND YOU WISH TO ENTER INTO THIS LEASE ELECTRONICALLY, YOUR ELECTRONIC SIGNATURE WILL CONSTITUTE YOUR ACKNOWLEDGEMENT AND AGREEMENT TO DO BUSINESS AND RECEIVE ALL RELATED RECORDS ELECTRONICALLY.

1. LEASE: WE agree to lease to YOU and YOU agree to lease from US, the System listed above (and on any attached schedule) on the terms and conditions of this Lease and on any attached schedule. In order to maintain OUR economic rate of return, YOU authorize US to adjust the periodic Lease payments (“Payments”) by not more than fifteen percent (15%) if the cost of the System is more or less than the supplier’s estimate, the taxes to be financed under this Lease are more or less than as stated above, or if the Lease is not accepted within thirty (30) days of the date YOU sign the Lease. “System” shall mean any and all equipment (“Equipment”) and software products stated above and the right to receive related consulting, maintenance and other related services (collectively, “Support”), the cost of which shall for purposes of this Lease shall include any Equipment costs, Software costs, Support costs, Software license fees and taxes that WE agree to pay as stated above and on any attached schedule and used by US to compute the applicable Lease Payments. The Lease Payments are based on like term SWAP interest rates as published in the ICE Report Center daily update referencing USD Rates1100 (<https://www.theice.com/marketdata/reports/180>). Unless Lessor has provided Lessee with a written commitment to the contrary, Lessee hereby authorizes Lessor to adjust the Lease Payments, on or before the date on which Lessor accepts the Lease, in accordance with any change in the like term SWAP rate, to preserve Lessor’s implicit finance rate as of the date the Lease Payment was quoted.

2. TERM: The Lease goes into effect and the term of the Lease begins when it is signed and accepted by US (the “Commencement Date”). The first Lease Payment is due on the Commencement Date or any later date designated by US in writing. Subsequent Lease Payments will be due as invoiced by US for successive months until the balance of the Lease Payments and any additional Lease payments or expenses chargeable to YOU under this Lease are paid in full. YOUR obligation to pay the Lease Payments and other Lease obligations is absolute and unconditional and is not subject to cancellation, reduction, setoff or counterclaim for any reason whatsoever. THIS AGREEMENT IS NON-CANCELABLE.

(Terms and Conditions continued on the reverse side of this Agreement.)

GUARANTY	To induce us to enter this Lease, the undersigned unconditionally guarantees the prompt payment of all the Lessee's obligations under the Lease. We are not required to proceed against the Lessee or the System or enforce other remedies before proceeding against the undersigned. The undersigned waives notice of acceptance and all other notices or demand of any kind to which the undersigned may be entitled. The undersigned consents to any extensions or modification granted to the Lessee and the release and/or compromise of any obligations of the Lessee or any other guarantors without releasing the undersigned from his or her obligations. This is a continuing guarantee and will remain in effect in the event of the death of the undersigned, and will bind the heirs, administrators, representatives, successors and assigns of undersigned and may be enforced by or for the benefit of any assignee or successor of us. This guaranty is governed by and construed in accordance with the laws of the State of New York, and, as applicable, the Electronic Signature in Global and National Commerce Act and I consent to exclusive jurisdiction in any state or federal court in New York and waive trial by jury. IF THIS GUARANTY HAS BEEN PROVIDED ELECTRONICALLY AND ANY GUARANTOR WISHES TO ENTER INTO THIS GUARANTY ELECTRONICALLY, SUCH GUARANTOR'S ELECTRONIC SIGNATURE WILL CONSTITUTE SUCH GUARANTOR'S ACKNOWLEDGEMENT AND AGREEMENT TO DO BUSINESS AND RECEIVE ALL RELATED RECORDS ELECTRONICALLY.		
	Signature	Date	
	Print Name		
	Home Address		
	City	State	Zip
	Phone		
	Signature	Date	
	Print Name		
	Home Address		
	City	State	Zip
Phone			

ACCEPTANCE	You acknowledge that the System shown above has been received, has been put in use, is in good working order and is satisfactory and acceptable.	
	Signature	Date
	Print Name	
	Title	
	Legal Name of Corporation or Partnership Kern County Hospital Authority	

LESSOR	Lessor Signature	Date
	Print Name	
	Title	
	For CISCO SYSTEMS CAPITAL CORPORATION	
	Lease Number	
	Lease Commencement Date	
Vendor I.D. Number		

3. LATE CHARGES/DOCUMENTATION FEES: If a Lease Payment is not made when due, YOU will pay US, within 30 days, a late charge of 5% of the payment or \$10.00, whichever is greater, but only to the extent permitted by law. Such amount shall be payable in addition to any and all amounts or monies payable by you as a result of the exercise of any of the remedies herein provided. YOU agree to pay US a fee of \$150.00, to reimburse OUR expenses for preparing financing statements, other documentation costs and all ongoing administration costs during the term of this Lease.

4. DELIVERY AND ACCEPTANCE: YOU are responsible, at YOUR own cost, to arrange, as applicable, for the delivery and installation of the System (unless such costs are included in the cost of the System to US stated above). YOU agree to accept the System when it is delivered or otherwise provided and to sign the System Acceptance supplied by US. WE may at OUR discretion confirm by telephone that YOU have accepted the System and this telephone verification of YOUR acceptance of the System shall have the same effect as a signed System Acceptance.

5. USE, MAINTENANCE, REPAIR, SUPPLIES AND WARRANTIES: WE are leasing the System to YOU "AS-IS" AND WE MAKE NO WARRANTIES EXPRESS, OR IMPLIED OR STATUTORY, CONCERNING THE EQUIPMENT, SOFTWARE OR SUPPORT, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR OF MERCHANTABILITY OR OF THE DESIGN OR CONDITION OF THE EQUIPMENT OR SOFTWARE, ITS DURABILITY, OR NON-INFRINGEMENT, THE QUALITY OF THE SUPPORT SERVICES, THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR SOFTWARE, OR THE CONFORMITY OF THE EQUIPMENT, SOFTWARE OR SERVICES TO THE PROVISIONS OR SPECIFICATIONS OF ANY RELATED PURCHASE ORDER OR ACQUISITION AGREEMENT, AND WE HEREBY SPECIFICALLY DISCLAIM ANY AND ALL SUCH REPRESENTATIONS AND WARRANTIES. YOU HEREBY WAIVE ANY CLAIM (INCLUDING ANY CLAIM BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT) THAT YOU MAY HAVE AGAINST US OR ANY ASSIGNEE, FOR ANY LOSS, DAMAGE (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, LOSS OF DATA OR SPECIAL, PUNITIVE INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY THE EQUIPMENT, SOFTWARE OR ANY SUPPORT COVERED BY ANY SUPPLIER OR MANUFACTURER AGREEMENT OR OTHERWISE, EVEN IF WE OR ANY ASSIGNEE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE, LOSS, EXPENSE OR COST YOUR OBLIGATION TO PAY IN FULL ANY AMOUNT DUE UNDER THE LEASE WILL NOT BE AFFECTED BY ANY DISPUTE, CLAIM, COUNTERCLAIM, DEFENSE OR OTHER RIGHT WHICH YOU MAY HAVE OR ASSERT AGAINST A SYSTEM SUPPLIER OR MANUFACTURER. YOU ALSO ACKNOWLEDGE THAT NO ONE IS AUTHORIZED TO WAIVE OR CHANGE ANY TERM, PROVISION OR CONDITION OF THIS LEASE AND EXCEPT FOR MANUFACTURER AND SUPPLIER WARRANTIES, MAKE ANY REPRESENTATION OR WARRANTY ABOUT THIS LEASE OR THE SYSTEM. Should WE or any Assignee be responsible for any direct damages, then the total of all such damages wherever occurring shall not exceed the payments actually paid by YOU under this Lease. WE transfer to YOU for the term of this Lease all warranties, if any, made by the System manufacturer(s) and supplier(s).

YOU ACKNOWLEDGE THAT WE AND/OR ANY ASSIGNEE DID NOT (i) SELECT, MANUFACTURE, DISTRIBUTE OR LICENSE THE EQUIPMENT OR SOFTWARE, NOR (ii) SELECT NOR PROVIDE OR AGREE TO PROVIDE THE SUPPORT SERVICES HEREUNDER AND YOU HAVE MADE THE SELECTION OF SUCH EQUIPMENT, SOFTWARE AND SUPPORT SERVICES BASED UPON YOUR OWN JUDGMENT AND EXPRESSLY DISCLAIM ANY RELIANCE ON STATEMENTS MADE BY US, ANY ASSIGNEE OR THEIR AGENTS.

6. OWNERSHIP, PERSONAL PROPERTY, LOCATION AND INSPECTION: Unless YOU have a \$1.00 purchase option, WE will have title to, or otherwise own, the System, as applicable. If YOU have a \$1.00 purchase option and/or the Lease is deemed to be a security agreement, YOU grant US a security interest in the System and all proceeds thereof. YOU have the right to use, or otherwise have available, the System for the full Lease term provided YOU comply with the terms and conditions of this Lease. Although the System may become attached to real estate, it remains personal property and YOU agree not to permit to be placed, or suffer, a lien, claim or encumbrance ("Lien"), on the System or to remove the System from YOUR address stated above without OUR prior written consent. If WE deem it necessary, YOU agree to provide US with waivers of interest or Liens, from anyone claiming any interest in the real estate on which any item of System is located. WE also have the right, at reasonable times, to inspect the System.

7. MAINTENANCE; SUPPORT: YOU are required, at YOUR own cost and expense, to keep the System in good repair, condition and working order, except for ordinary wear and tear, and YOU will supply or cause to be supplied all parts and servicing required. All replacement parts used or installed and repairs made to the System will become OUR property. IN THE EVENT THE LEASE PAYMENTS INCLUDE THE COST OF MAINTENANCE AND/OR OTHER SUPPORT SERVICE PROVIDED BY A MANUFACTURER AND/OR OTHER SUPPLIER, YOU ACKNOWLEDGE THAT WE ARE NOT RESPONSIBLE FOR PROVIDING ANY REQUIRED SYSTEM MAINTENANCE AND/OR SUPPORT SERVICE. YOU WILL MAKE ALL CLAIMS FOR SUPPORT SERVICE AND/OR MAINTENANCE SOLELY TO SUPPLIER AND/OR MANUFACTURER AND SUCH CLAIMS WILL NOT AFFECT YOUR OBLIGATION TO MAKE ALL REQUIRED LEASE PAYMENTS.

8. ASSIGNMENT: YOU AGREE NOT TO TRANSFER, SELL, SUBLEASE, SUBLICENSE, ASSIGN, TRANSFER, PLEDGE OR ENCUMBER EITHER THE SYSTEM OR ANY RIGHTS UNDER THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT. YOU agree that WE may sell, assign or transfer this Lease and/or the System, or portion thereof or interest therein, and if WE do, the transferee will have, to the extent sold, assigned or transferred, the same rights and benefits that WE now have and will not have to perform any of OUR obligations and that the rights of the transferee will not be subject to any claims, defenses, or set-offs that YOU may have against US.

9. REDELIVERY AND RENEWAL: Upon at least ninety (90) days written notice to US prior to the expiration of the Lease term, YOU shall advise US of YOUR intention to return the System to US at the end of the Lease term. Provided YOU have given such timely notice, YOU shall return the System, freight and insurance prepaid, to US in good repair, condition and working order, ordinary wear and tear excepted, in a manner and to a location designated by US. If YOU fail to notify US, or having notified US, YOU fail to return the System as provided herein, this Lease shall renew for consecutive ninety (90) day periods and YOU agree to continue to make Lease Payments at the same monthly Lease Payments as set forth in the Lease (pro-rated to the Equipment cost) subject to the right of either party to terminate the Lease upon sixty (60) days written notice, in which case YOU will immediately deliver the System to US as stated in this paragraph.

10. LOSS OR DAMAGE: YOU are responsible for the risk of loss or destruction of, or damage to, the System. No such loss, destruction or damage relieves YOU from any obligation under this Lease.

11. INDEMNITY: WE are not responsible for any losses or injuries caused by the installation or use of the System. YOU agree to reimburse US for and to defend US against any claim for losses or injuries caused by the System. This indemnity will continue even after the termination of this Lease.

12. TAXES: YOU agree to pay all license and registration fees, sale and use taxes, personal property taxes and all other taxes and charges, relating to the ownership, leasing, licensing, rental, sale, purchase, possession or use of the System as part of the Lease Payment or as billed by US. YOU agree that if WE pay any such taxes or charges on YOUR behalf, YOU will (except as to those taxes or charges listed above which we have included in the System cost and which will be repaid to US through your Lease Payments) reimburse US for all such payments and will pay US interest at a late charge (as calculated in Section 3) on such payments, plus a fee for OUR collecting and administering any taxes, assessments or fees and remitting them to the appropriate authorities, such reimbursement, interest and fee to be due and payable with the next Lease Payment. YOU will indemnify US on an after-tax basis against the loss, unavailability or recapture of any System ownership tax

benefits anticipated by US at the Commencement Date arising out of YOUR acts or omissions.

13. INSURANCE: During the term of this Lease, YOU will keep the System insured against all risks of loss or damage in an amount not less than the replacement cost of the System, without deductible and without co-insurance. YOU will also obtain and maintain for the term of this Lease, comprehensive public liability insurance covering both personal injury and property damage of at least \$100,000 per person and \$300,000 per occurrence for bodily injury and \$50,000 for property damage, unless WE advise YOU otherwise. WE will be the sole named loss payee on the property insurance and named as an additional insured on the public liability insurance. YOU will pay all premiums for such insurance and must deliver proof of insurance coverage satisfactory to US. If YOU do not provide such insurance, YOU agree that WE have the right, but not the obligation, to obtain such insurance and add an insurance fee to the amount due from YOU, on which WE make a profit.

14. DEFAULT: YOU are in default under this Lease if any of the following occurs: a) YOU fail to pay any Lease Payment or other sum when due; b) YOU breach any warranty or other obligation under this Lease, or any other agreement with US; c) YOU, any individual partner or guarantor dies, YOU become insolvent or unable to pay YOUR debts when due; YOU stop doing business as a going concern; YOU merge, consolidate, transfer all or substantially all of YOUR assets; YOU make an assignment for the benefit of creditors or YOU undergo a substantial deterioration in YOUR financial condition; d) YOU, any guarantor or any partner, voluntarily file or have filed against YOU or it involuntarily, a petition for liquidation, reorganization, adjustment of debt or similar relief under the Federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law, or a trustee, receiver or liquidator is appointed for YOU or it or a substantial part of YOUR or its assets; or e) you, your owner(s) or any guarantor(s) are listed on a US or foreign government sanctions list or are subject to sanctions therefrom.

15. REMEDIES: WE have the following remedies if YOU are in default under this Lease: WE may declare the entire balance of the unpaid Lease Payments for the full term immediately due and payable, sue for and receive all Lease Payments and any other payments then accrued or accelerated under this Lease or any other agreement plus the estimated fair market value of the System at the end of the originally scheduled term or, if any, the End of Lease Option Price ("Residual"), with all accelerated Lease Payments and the Residual discounted at the lesser of (a) a per annum interest rate equivalent to that of a U.S. Treasury constant maturity obligation (as reported by the U.S. Treasury Department) that would have a repayment term equal to the remaining Lease term, all as reasonably determined by US, or (b) 3% per annum, but only to the extent permitted by law ("Discount Rate"); charge YOU interest on all monies due US at the rate of eighteen percent (18%) per year from the date of default until paid, but in no event more than the maximum rate permitted by law; charge YOU a return-check or non-sufficient funds charge ("NSF Charge") of \$25.00 for a check that is returned for any reason; require that YOU return the System to US and in the event YOU fail to return the System, enter upon the premises peaceably with or without legal process where the System is located and repossess the System; and/or cause any Software or Support provider to terminate, as applicable, your rights to use or have available, as applicable, any or all of any or all Software and/or Support, and you acknowledge that Cisco Systems, Inc. or any affiliate thereof (collectively, "Cisco"), and/or any other Software or Support provider, as third party beneficiary of this Lease provision, may terminate your right to use any or all Cisco Software and/or Cisco Support and/or any other Software and/or Support under any Software or Support arrangement, without liability for any reason whatsoever. Such return or repossession of the System will not constitute a termination of this Lease unless WE expressly notify YOU in writing. In the event the System is returned or repossessed by US and unless WE have terminated this Lease, WE will sell, re-rent or otherwise dispose of the System to any person(s) with any terms WE determine, at one or more public or private sales, with or without notice to YOU, and apply the net proceeds after deducting the costs and expenses of such sale, re-rent or other disposition, to YOUR obligations with YOU remaining liable for any deficiency and with any excess being retained by US. The credit for any sums to be received by US from any such re-rental or disposition, as applicable, shall be discounted to the date of the agreement at the Discount Rate.

YOU are also required to pay (i) all expenses incurred by US in connection with the enforcement of any remedies, including all expenses of repossessing, storing, shipping, repairing and disposing of the System, and (ii) reasonable attorneys' fees. All remedies are cumulative and not exclusive.

16. PURCHASE OPTION: Upon expiration of the Lease term, provided YOU are not in default, YOU shall have the option to purchase all but not less than all of the System on the terms as indicated in the End of Lease Options checked above. WE will use OUR reasonable judgment to determine the System's fair market value for all fair market value (FMV) purchase options that shall be based on the System remaining in place.

17. SECURITY DEPOSIT: Any security deposit is non-interest bearing, to the extent permitted by applicable law. WE may apply any security deposit to cure any default by YOU, in which event YOU will promptly restore any amount so applied. If YOU are not in default, any security deposit will be returned to YOU at the termination of this Lease as permitted by applicable law.

18. WARRANTIES: YOU warrant and represent that the System will be used for business purposes, and not for personal, family or household purposes.

19. UCC FILINGS AND FINANCIAL STATEMENTS: YOU authorize US to file a financing statement with respect to the System. If WE deem it necessary, YOU agree to submit financial statements (audited if available) on a quarterly basis.

20. UCC — ARTICLE 2A PROVISIONS: YOU agree that this Lease is a Finance Lease as that term is defined in Article 2A of the Uniform Commercial Code ("UCC"). YOU acknowledge that WE have given YOU the name of the System supplier(s). WE hereby notify YOU that YOU may have rights under YOUR contract with the System supplier(s) and YOU may contact the System supplier(s) for a description of any rights or warranties that YOU may have under any supply contract. YOU also waive any and all rights and remedies granted YOU under Sections 2A-508 through 2A-522 of the UCC.

21. CHOICE OF LAW: This Lease shall be deemed fully executed and performed in the state of New York, and, as applicable, the Electronic Signatures in Global and National Commerce Act and shall be governed and construed in accordance with the laws thereof. YOU consent to and agree that exclusive jurisdiction, personal or otherwise, over YOU and the System shall be with the courts of the state of New York or the Federal courts of the United States sitting in the state of New York solely at our option with respect to any provision of this Lease. YOU ALSO AGREE TO WAIVE YOUR RIGHT TO A TRIAL BY JURY.

22. ENTIRE AGREEMENT; SEVERABILITY; WAIVERS: This Lease contains the entire agreement and understanding. No agreements or understandings are binding on the parties unless set forth in writing and signed by the parties. Any provision of this Lease which for any reason may be held unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective without invalidating the remaining provisions of this Lease. THIS LEASE IS NOT INTENDED FOR TRANSACTIONS WITH A SYSTEM COST LESS THAN \$1,000.

23. MISCELLANEOUS: YOU agree that this Lease may be executed in counterparts and any facsimile, photographic or other electronic transmission and/or electronic signing of this Lease by you when manually countersigned by US or attached to OUR original signature counterpart and/or in OUR possession shall constitute the sole original chattel paper as defined in the UCC for all purposes and will be admissible as legal evidence thereof. At OUR option, WE may require a manual signature.

YOU authorize us to contact you about your accounts in any way, including at any number or email address at which we believe we can reach you, even if you are charged for such contact by a provider. For information about our privacy practices, please review our privacy statement at lesseedirect.com/uspriavacy.

CISCO FISCAL FUNDING ADDENDUM

INFORMATION	Lessee/Obligor (full legal name) <u>Kern County Hospital Authority</u> ("Customer")
	DBA (if any) _____ Lessor/Payee/Seller <u>Cisco Systems Capital Corporation</u> ("Company")
	Lease/Installment Payment Agreement/Contract No. <u>500-50753197</u> dated _____ (the "Agreement")
	Master Lease Agreement/Master Installment Agreement No./Master Rental Agreement (if any) _____

This Fiscal Funding Addendum ("Addendum"), dated as of June 18, 20 25, is made part of and amends the above-referenced Agreement by and between Company and the above-referenced Customer. Unless otherwise defined herein, capitalized terms shall have the definition set forth in the Agreement.

Customer warrants that it has funds available to pay all rents or installment payments, as applicable ("Payments") payable under the Agreement until the end of Customer's current appropriation period. If Customer's legislative body or other funding authority does not appropriate funds for Payments for any subsequent appropriation period and Customer does not otherwise have funds available to lawfully pay the Payments (a "Non-Appropriation Event"), Customer may, subject to the conditions herein and upon prior written notice to Company (a "Non-Appropriation Notice"), effective sixty (60) days after the later of Company's receipt of same or the end of the Customer's current appropriation period (the "Non-Appropriation Date"), terminate the Agreement and be released of its obligation to make all Payments coming due after the Non-Appropriation Date. As a condition to exercising its rights under this Addendum, Customer shall (i) provide in the Non-Appropriation Notice a certification of a responsible official that a Non-Appropriation Event has occurred, (ii) deliver to Company an opinion of Customer's counsel (addressed to Company) verifying that the Non-Appropriation Event as set forth in the Non-Appropriation Notice has occurred, (iii) on or before the Non-Appropriation Date return the Equipment to Company at a location designated by Company, in the condition required by, and in accordance with the return provisions of the Agreement and, (iv) at Customer's expense, pay Company all sums payable to Company under the Agreement up to the Non-Appropriation Date. In the event of any Non-Appropriation Event, Company shall retain all sums paid hereunder or under the Agreement by Customer, including the security deposit (if any) specified in the Agreement.

Customer further represents, warrants and covenants for the benefit of Company that:

- (a) Customer is a municipal corporation and political subdivision duly organized and existing under the constitution and laws of the State in which it is organized.
- (b) Customer is authorized under the constitution and laws of such State, and has been duly authorized to enter into this Agreement and the transaction contemplated hereby and to perform all of its obligations hereunder.
- (c) This Agreement constitutes the legal, valid and binding obligation of Customer enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.
- (d) Customer has complied with such public bidding requirements as may be applicable to this Agreement.
- (e) The Equipment, together with the software, support and services, if any, subject to the Agreement, are essential to the function of Customer or to the services Customer provides to its citizens, and Customer has an immediate need for, and expects to make immediate use of, substantially all the Equipment (and such software, support and services, if any), which need is not temporary or expected to diminish in the foreseeable future.
- (f) Customer has never failed to appropriate or otherwise make available funds sufficient to pay amounts coming due under any lease, lease purchase, rental, installment sale or other similar agreement.

This Addendum is not intended to permit Customer to terminate the Agreement at will or for convenience.

Except as expressly modified by this Addendum, the Agreement remains in full force and effect. In the event of any conflict, inconsistency or incongruity between the provisions of this Addendum and any of the provisions of the Agreement, the provisions of this Addendum shall in all respects govern and control. A facsimile copy of this document with facsimile signatures may be treated as an original and will be admissible as evidence in a court of law. Customer authorizes Company to correct or insert missing information (including but not limited to the Agreement number and description) in this Addendum.

Intending to be legally bound, each of the parties has caused this Addendum to be executed by its duly authorized representative.

CUSTOMER SIGNATURE	Signature X _____ <small>(MUST BE SIGNED BY AUTHORIZED REPRESENTATIVE OR OFFICER OF LESSEE)</small>
	Print Name <u>Phil McLaughlin</u>
	Title <u>Chairman, Board of Governors</u> Date <u>June 18, 2025</u>
	Customer <u>Kern County Hospital Authority</u>

ACCEPTED BY COMPANY	Signature X _____
	Print Name _____
	Title _____ Date _____
	Name of Corporation or Partnership <u>Cisco Systems Capital Corporation</u>

CERTIFICATE OF INCUMBENCY AND AUTHORITY

The undersigned, being a knowledgeable and authorized agent of Kern County Hospital Authority (“Obligor”), does hereby certify that:

- 1. He or she is the duly elected, qualified and acting in a position as indicated by the undersigned’s title.
- 2. Set forth below are the names and genuine signatures of individuals (“Authorized Officers”) who hold the offices set forth opposite their respective names.
- 3. Each of the Authorized Officers is legally authorized to enter into any and all agreements with Cisco Systems Capital Corporation (“Lender”) on behalf of Obligor.

NAME	TITLE	SIGNATURE
Phil McLaughlin	Chairman, Board of Governors	
Scott Thygerson	Chief Executive Officer	

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 18th day of June, 2025.

YOU AGREE THAT A FACSIMILE COPY OF THIS DOCUMENT WITH FACSIMILE SIGNATURES MAY BE TREATED AS AN ORIGINAL AND WILL BE ADMISSIBLE AS EVIDENCE IN A COURT OF LAW.

(COMPANY SEAL)

OBLIGOR	Obligor	Kern County Hospital Authority
	Signature X	
	Print Name	Mona Allen
	Title	Clerk of the Board, Board of Governors
	Date	June 18, 2025
	(THIS SIGNATURE IS TO BE EXECUTED BY A PERSON OTHER THAN THE PERSON OR PERSONS THAT SIGNED IN SECTION 3 ABOVE. THIS MAY BE THE CITY CLERK OR BOARD SECRETARY/BOARD CLERK)	

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ESSENTIAL USE QUESTIONNAIRE

Lessee Contact Name / Position: _____ Phone Number: _____

1) Please clarify legal name of proposed lessee? Kern County Hospital Authority2) Is any equipment to be leased replacing any existing equipment? (If No, proceed to question 3) ☒ Yes ☐ NoWhat percentage of the equipment to be leased is replacement? 100 %How long was the existing equipment in use? ☐ 1-3 yrs ☐ 3-5 yrs ☒ 5+ yrsWhy is the existing equipment being replaced? Kern Medical is replacing aging Avaya PBX Software that is no longer supported by the manufacture

3) For what purpose is the equipment being acquired? (Provide detail as to which department(s) and the expected use of the equipment)

The Cisco phone system is being acquired to replace the hospital's aging legacy telephony infrastructure with a modern, secure, and scalable Unified Communications solution. This system will enhance communication and coordination across clinical, administrative, and emergency services departments.4) Was the equipment/lease placed for competitive bid? ☒ Yes ☐ No

If No, why was a bid not required?

☐ Covered under state contract (Contract name and # _____)☐ Size of transaction does not require competitive bid (What documentation _____)☐ Transaction exempt from bidding process pursuant to current statutes (statute # _____)

(Please attach copy of statute if available)

☐ Other _____

5) What is the source of funds for repayment of this obligation?

☐ Local Property Taxes☐ State Unrestricted Revenues☐ Federal Financial Assistance☐ Chapter I☐ Chapter II☐ Other _____☒ Other General Fund6) Are the funds to be used for repayment of this obligation appropriated and encumbered in an approved budget? ☒ Yes ☐ No

If No, why is the obligation not included in an approved budget? _____

7) Why do you expect funds to continue to be appropriated in the future for repayment of this obligation? _____

Funding is expected to continue as this project has board approval and is included in the hospital's long term capital and operational planning for the full five year term. It is a critical infrastructure investment supporting core hospital functions.To the best of your knowledge, have you ever non-appropriated funds in the past? ☐ Yes ☒ No

If Yes, please provide details _____

8) What is required on the Invoice for prompt payment? PO Number**Completed By:**Signature: _____
Print Name: Scott ThygersonDate: June 18, 2025
Phone: 661-326-2000

OPINION OF COUNSEL LETTER

Date: June 18, 2025

Cisco Systems Capital Corporation
1111 Old Eagle School Road
Wayne, PA 19087

Gentlemen/Ladies:

Reference is made to the Agreement between Cisco Systems Capital Corporation (herein called "Company"), and Kern County Hospital Authority (herein called "Customer") for the lease or rental of Presidio quote 2003225501586-10 dated May 20, 2025 (equipment description). Unless otherwise defined herein, terms which are defined or defined by reference in the Agreement or any exhibit or schedule thereto shall have the same meaning when used herein as such terms have therein.

The undersigned is Counsel for the Customer in connection with the negotiation, execution and delivery of the Agreement, and as such I am able to render a legal opinion as follows:

1. The Customer is a public body corporate and politic of the State of California and is authorized by the Constitution and laws of the State of California to enter into the transactions contemplated by the Agreement and to carry out its obligations thereunder.
2. The Agreement set forth above has been duly authorized, executed and delivered by the Customer and constitutes a valid, legal and binding agreement enforceable in accordance with its terms.
3. No further approval, consent or withholding of objections is required from any federal, state or local governmental authority with respect to the entering into or performance by the Customer of the Agreement and the transactions contemplated thereby.
4. The entering into and performance of the Agreement and the other related documents will not violate any judgment, order, law or regulation applicable to the Customer or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of the Customer or the equipment pursuant to any indenture, mortgage, deed of trust, bank loan, credit agreement or other instrument by which the Customer is a party or by which it or its assets may be bound.
5. There are no actions, suits or proceedings pending or, to the knowledge of the Customer, threatened against or affecting the Customer in any court or before and governmental commission, board or authority, which, if adversely determined, will have a material adverse effect on the ability of the Customer to perform its obligations under the Agreement.
6. The equipment is personal property and, when subject to use by the Customer, will not be or become fixtures under the laws of the State of California.
7. All required public bidding procedures regarding the award of the Agreement have been followed by the Customer.
8. Except as provided in the Agreement, Customer has no authority (statutory or otherwise) to terminate the Agreement prior to the end of its term for any reason other than non-appropriation of funds to pay the Payments for any fiscal period during the term of the Agreement.

YOU AGREE THAT A FACSIMILE COPY OF THIS DOCUMENT WITH FACSIMILE SIGNATURES MAY BE TREATED AS AN ORIGINAL AND WILL BE ADMISSIBLE AS EVIDENCE IN A COURT OF LAW.

Very truly yours,

BY: Shannon Hochstein

PRINT NAME: Shannon Hochstein

TITLE: Hospital Counsel

INSURANCE CERTIFICATE INSTRUCTIONS & CHECKLIST

Customer Name: Kern County Hospital Authority

Lease Number(s): 500-50753197

Please provide this checklist to your insurance agent to assist with obtaining copies of your Property and Liability Insurance certificates for the equipment listed below. Please also ask that all checklist items be provided to avoid any delays in processing. Thank you.

_____ Property Insurance with Cisco Systems Capital Corporation listed as
Lender Loss Payee, at: 1111 Old Eagle School Road, Wayne, PA 19087

_____ Liability Insurance with Cisco Systems Capital Corporation listed as
Additional Insured and Certificate Holder, at: 1111 Old Eagle School Rd, Wayne,
PA 19087

_____ Policy Number

_____ Certificate must be valid and have a future expiration date.

_____ Property Insurance coverage in the amount corresponding to, at a minimum, the sum
of all payments due under this contract, totaling \$1,693,048.00.

_____ Liability Insurance coverage in the amount of, at a minimum, \$1,000,000.00.

_____ Property Insurance certificate must include a description of the equipment/property
being financed. All equipment under Lease Number: 500-50753197.

Please **email** copies of the insurance certificate(s) to Insurance@leasedirect.com or contact me
with any questions at jazwashi@cisco.com.



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

June 18, 2025

Subject: Proposed Quote 2003225501586-10 to purchase equipment and services from Presidio Networked Solutions Group, LLC for the Cisco Telephony Upgrade project

Recommended Action: Approve; Authorize Chairman to sign; Authorize Chief Executive Officer to sign for receipt of delivery

Summary:

Kern Medical requests your Board approve the proposed Quote 2003225501586-10 to purchase equipment and services from Presidio Networked Solutions Group, LLC for the Cisco Telephony Upgrade project.

Kern Medical is proposing this purchase to replace an over twenty (20) year old telephone system that is not meeting the growing needs of the hospital and clinics due to various system failures and end of life hardware. The Cisco Telephony Upgrade Project will allow for better phone connectivity and a complete modernization of the telephony server hardware and software. The proposed Cisco system interfaces with Kern Medical's current telephone provider, AT&T, and will allow for a more seamless transition between connectivity systems as well as management software and capabilities for the Kern Medical call centers which are not available with the current telephony system. The cost of the proposed Quote 2003225501586-10 has a not to exceed of \$1,867,642 for the seven (7) year term.

Implementing the new Cisco Telephony Upgrade system will require other costs in addition to this quote, which will be purchased through separate agreements, for a total project cost estimated at \$2,922,855 for the seven (7) year term. Discontinuing the legacy telephony system will free up an estimated \$1,950,390, which makes the cost of the new system for the seven (7) term to be estimated at \$972,465.

Counsel is unable to approve as to form due to potential non-standard terms and conditions of third-party vendors, whose terms are passed onto Kern Medical through Presidio Networked Solutions Group, LLC with no review by counsel.

Therefore, even with the non-standard terms, it is recommended that your Board approve the proposed Quote 2003225501586-10 to purchase equipment and services from Presidio Networked Solutions Group, LLC for the Cisco Telephony Upgrade project, for a term of seven (7) years effective July 1, 2025 through June 30, 2032, in an amount not to exceed \$1,867,642, authorize the Chairman to sign, and authorize the Chief Executive Officer to acknowledge receipt of equipment and any other supporting documentation to complete the purchase.

TO: Kern Medical Center
 Matt Smith
 1700 Mt Vernon Ave
 Bakersfield, CA 93306-4018

 matthew.smith@kernmedical.com
 (p) (661) 326-5119
 (f) (602) 470-5063

FROM: Presidio Networked Solutions Group, LLC
 Larry Porush
 5000 Hopyard Rd
 Suite 188
 Pleasanton, CA 94588

 lporush@presidio.com
 (p) +1.818.936.9824

SHIP TO: Kern Medical Center
 Shane Stapleton
 1700 Mount Vernon Avenue
 Bakersfield, CA 93306

 shane.stapleton@kernmedical.com
 (p) (661) 326-2000 x 62615

Customer#: KERNM001
Account Manager: Larry Porush
Inside Sales Rep: Saleena Simonson
Title: Voice/Contact Refresh PS

#	Part #	Description	Unit Price	Qty	Ext Price
Phones					
DP-9841-K9=					
1	DP-9841-K9=	Cisco Desk Phone 9841, Carbon Black	\$123.50	1309	\$161,661.50
				Total:	\$161,661.50
DP-9851-K9=					
2	DP-9851-K9=	Cisco Desk Phone 9851, Carbon Black	\$154.77	20	\$3,095.40
				Total:	\$3,095.40
CP-8832-K9					
3	CP-8832-K9	Cisco 8832 in Charcoal with accessories for North America	\$621.12	15	\$9,316.80
4	CON-SNT-P8TK93T3	Cisco 8832 in Charcoal with accessories for North AmericaSNT	\$92.23	15 for 60 mo(s)	\$6,917.25
5	CP-8832-POE	Cisco IP Conference Phone 8832 PoE Accessories for Worldwide	\$0.00	15	\$0.00
				Total:	\$16,234.05
DP-9800-KEM=					
6	DP-9800-KEM=	Cisco Desk Phone 9800 Key Expansion Module, Carbon Black	\$186.03	20	\$3,720.60
				Total:	\$3,720.60
DP-9800-WMK=					
7	DP-9800-WMK=	Cisco Desk Phone 9800 Wall Mount Kit - SPARE	\$40.65	25	\$1,016.25
				Total:	\$1,016.25
DP-9861-K9=					
8	DP-9861-K9=	Cisco Desk Phone 9861, Carbon Black	\$211.04	50	\$10,552.00
				Total:	\$10,552.00
CP-PWR-ADPT-3-NA=					
9	CP-PWR-ADPT-3-NA=	Cisco Power Adapter 3 with North America/Japan Clip	\$19.10	20	\$382.00

10	CP-PWR-CLIP-3-NA	Power Adapter Clip for CP-PWR-ADPT-3=, North America	\$0.00	20	\$0.00
				Total:	\$382.00
CP-PWR-CORD-NA=					
11	CP-PWR-CORD-NA=	Power Cord, North America	\$3.68	20	\$73.60
				Total:	\$73.60
				Total (Phones):	\$196,735.40
Subscriptions					
A-FLEX-3		Initial Term: 84 months	Billing Model: Prepaid		
		Auto-Renewal Term: Do Not Renew	Requested Start Date: 06/03/2025		
12	A-FLEX-3	Collaboration Flex Plan 3.0	\$0.00	1	\$0.00
Recurring Charges					
13	SVS-FLEX-SUPT-BAS	Basic Support for Flex Plan	\$0.00	2800 Each for 84 months	\$0.00
14	A-FLEX-SRST-E	SRST Endpoints (1)	\$0.00	3100 Users for 84 months	\$0.00
15	A-FLEX-C-DEV-ENT	Cloud Device Registration Entitlement	\$0.00	1560 Users for 84 months	\$0.00
16	A-FLEX-MSG-ENT	Messaging Entitlement	\$0.00	1560 Users for 84 months	\$0.00
17	A-FLEX-FILESTG-ENT	File Storage Entitlement	\$0.00	31200 Users for 84 months	\$0.00
18	A-FLEX-PROPACK-ENT	Pro Pack for Cisco Control Hub Entitlement	\$0.00	1560 Users for 84 months	\$0.00
19	A-FLEX-EXP-RMS-S	Expressway Rich Media Session included with Flex (1)	\$0.00	260 for 84 months	\$0.00
20	A-FLEX-CCUCS-EA	Cloud Connected UC EA Standard ENT	\$0.00	1560 Users for 84 months	\$0.00
21	A-FLEX-P-ER	Emergency Responder Smart License (1)	\$0.00	4400 Users for 84 months	\$0.00
22	A-FLEX-P-CA	Common Area Smart License (1)	\$0.00	650 Users for 84 months	\$0.00
23	A-FLEX-P-UCXN	Unity Connection Smart License (1)	\$0.00	1560 Users for 84 months	\$0.00
24	A-SW-EXPWY-15X-K9	Expressway Version 15 Restricted Software	\$0.00	1 Each for 84 months	\$0.00
25	A-FLEX-SME-S	Session Manager (1)	\$0.00	1 Users for 84 months	\$0.00
26	A-FLEX-SW-15-K9	On-Premises SW Bundle v15	\$0.00	1 Users for 84 months	\$0.00
27	A-FLEX-EAPL	EntW On-Premises Calling	\$4.09	1300 Each for 84 months	\$446,628.00
28	A-FLEX-P-ACC	Access Smart License (1)	\$0.00	760 Users for 84 months	\$0.00
29	A-FLEX-P-EA	On-Premises Smart License - EA (1)	\$0.00	1560 Users for 84 months	\$0.00
30	A-FLEX-SPCHCON	SpeechConnect Smart License (1)	\$0.00	250 Users for 84 months	\$0.00

31	A-FLEX-STD-CUBE	CUBE Standard Trunk Session License	\$1.22	1000 Each for 84 months	\$102,480.00
32	A-FLEX-PL-ACCESS	On-Premises Access Add-on	\$1.37	500 Each for 84 months	\$57,540.00
Total Recurring Charges:					\$606,648.00
Total:					\$606,648.00
A-FLEX-3-CC		Initial Term: 84 months Auto-Renewal Term: Do Not Renew	Billing Model: Prepaid Requested Start Date: 06/03/2025		
33	A-FLEX-3-CC	Flex 3.0 for Contact Center	\$0.00	1	\$0.00
Recurring Charges					
34	A-FLEX-CCX-S-C	On-Premises UCCX Standard Concurrent Agent	\$19.00	151 for 84 months	\$240,996.00
35	A-FLEX-CCX-P-AGT	On-Premises UCCX Premium Agent License Smart Licensing	\$0.00	20 Each for 84 months	\$0.00
36	A-FLEX-CCX-SVR	On-Premises UCCX Standard & Premium Server Smart Licensing	\$0.00	1 Each for 84 months	\$0.00
37	A-FLEX-CCX-S-AGT	On-Premises UCCX Standard Agent License Smart Licensing	\$0.00	151 Each for 84 months	\$0.00
38	A-FLEX-CCX-P-C	On-Premises UCCX Premium Concurrent Agent	\$26.50	20 for 84 months	\$44,520.00
39	A-FLEX-05-12.5-K9	On-Premises UCCX Std & Prem Media Kit v12.5	\$0.00	1 for 84 months	\$0.00
40	SVS-FLEX-SUPT-BAS	Basic Support for Flex Plan	\$0.00	1 Each for 84 months	\$0.00
Total Recurring Charges:					\$285,516.00
Total:					\$285,516.00
SP-REDSKY		Initial Term: 60 months Auto-Renewal Term: Do Not Renew	Billing Model: Prepaid Requested Start Date: 06/03/2025		
41	SP-REDSKY	SolutionsPlus: RedSky Product Offers	\$0.00	1	\$0.00
Recurring Charges					
42	SP-RS-E911A-ELIN	Anywhere Cloud Service ELIN, with MyE911 client	\$1.63	100 Each for 60 months	\$9,780.00
43	SP-RS-E911A	E911 Anywhere Cloud Service	\$222.22	1 Each for 60 months	\$13,333.20
Total Recurring Charges:					\$23,113.20
Total:					\$23,113.20
Total (Subscriptions):					\$915,277.20
Infrastructure					
C8200L-1N-4T		Initial Term: 84 months Auto-Renewal Term: 12 months	Billing Model: Prepaid Requested Start Date: 01/01/1900		
44	C8200L-1N-4T	Cisco Catalyst 8200L with 1-NIM slot and 4x1G WAN ports	\$588.73	2	\$1,177.46
45	CON-SNT-C8200TL1	SNTC-8X5XNBD Cisco Catalyst 8200L with 1-NIM slot and	\$201.50	2 for 84 mo(s)	\$2,821.00
46	MEM-C8200L-8GB	Cisco Catalyst 8200L Edge 8GB memory	\$368.00	2	\$736.00
47	C-RFID-1R	Cisco Catalyst 8000 Edge RFID - 1RU	\$0.00	2	\$0.00
48	C8200-RM-19-1R	Cisco Catalyst 8200 Rack mount kit - 19" 1R	\$0.00	2	\$0.00
49	NETWORK-PNP-LIC	Network Plug-n-Play Connect for zero-touch device deployment	\$0.00	2	\$0.00

50	C8200-PIM-BLANK	Cisco Catalyst 8200 Edge PIM Blank	\$0.00	2	\$0.00
51	C-M2-BLANK	Cisco Catalyst 8000 Edge M.2 Blank Cover	\$0.00	2	\$0.00
52	C8000-HSEC	U.S. Export Restriction Compliance license for C8000 series	\$0.00	2	\$0.00
53	SC8KBEUK9-1712	UNIVERSAL	\$0.00	2	\$0.00
54	IOSXE-AUTO-MODE	IOS XE Autonomous or SD-Routing mode for Unified image	\$0.00	2	\$0.00
55	NIM-4MFT-T1/E1	4 port Multiflex Trunk Voice/Clear-channel Data T1/E1 Module	\$1,619.18	2	\$3,238.36
56	PVDM4-128	128-channel DSP module	\$2,502.37	2	\$5,004.74
57	CAB-AC	AC Power Cord (North America), C13, NEMA 5-15P, 2.1m	\$0.00	2	\$0.00
Recurring Charges					
58	SVS-PDNA-ADV	Embedded Support for SW - Tiered DNA Advantage On-Prem	\$0.00	2 Each for 84 months	\$0.00
59	DSTACK-T0-A	Cisco DNA Advantage Stack - upto 25M (Aggr, 50M)	\$0.00	2 Each for 84 months	\$0.00
60	NWSTACK-T0-A	Cisco Network Advantage Stack - upto 25M (Aggr, 50M)	\$0.00	2 Each for 84 months	\$0.00
61	TE-EMBED-WANI	Cisco ThousandEyes WAN Insights Embedded	\$0.00	2 Licenses for 84 months	\$0.00
62	SDWAN-UMB-ADV	Cisco Umbrella for DNA Advantage	\$0.00	2 Each for 84 months	\$0.00
63	DNAC-ONPREM-PF	Cisco DNA Center On Prem Deployment Option for WAN	\$0.00	2 Each for 84 months	\$0.00
64	C82L-1N-4T-PF	C8200L-1N-4T Platform Selection for DNA Subscription	\$0.00	2 Each for 84 months	\$0.00
65	IOSXE-AUTO-MODE-PF	IOS XE Autonomous or SD-Routing mode for Unified image	\$0.00	2 Each for 84 months	\$0.00
66	DNA-P-T0-A-7Y	Cisco DNA Advantage On-Prem Lic 7Y - upto 25M (Aggr, 50M)	\$4,448.48	2 Devices for 84 months	\$8,896.96
Total Recurring Charges:					\$8,896.96
Total:					\$21,874.52
C8200-1N-4T		Initial Term: 84 months Auto-Renewal Term: 12 months	Billing Model: Prepaid Requested Start Date: 01/01/1900		
67	C8200-1N-4T	Cisco Catalyst C8200-1N-4T Router	\$1,325.03	2	\$2,650.06
68	CON-SNT-C82001N4	SNTC-8X5XNBD Cisco Catalyst C8200	\$346.43	2 for 84 mo(s)	\$4,850.02
69	CAB-CONSOLE-RJ45	Console Cable 6ft with RJ45 and DB9F	\$36.80	2	\$73.60
70	CAB-AC	AC Power Cord (North America), C13, NEMA 5-15P, 2.1m	\$0.00	2	\$0.00
71	NETWORK-PNP-LIC	Network Plug-n-Play Connect for zero-touch device deployment	\$0.00	2	\$0.00
72	C8200-PIM-BLANK	Cisco Catalyst 8200 Edge PIM Blank	\$0.00	2	\$0.00
73	C8200-RM-19-1R	Cisco Catalyst 8200 Rack mount kit - 19" 1R	\$0.00	2	\$0.00
74	C-RFID-1R	Cisco Catalyst 8000 Edge RFID - 1RU	\$0.00	2	\$0.00
75	C8000-HSEC	U.S. Export Restriction Compliance license for C8000 series	\$0.00	2	\$0.00
76	IOSXE-AUTO-MODE	IOS XE Autonomous or SD-Routing mode for Unified image	\$0.00	2	\$0.00
77	MEM-C8200-16GB	Cisco Catalyst 8200 Edge 16GB memory	\$588.79	2	\$1,177.58
78	TE-R-SW	TE agent for IOSXE on Enterprise Routing	\$0.00	2	\$0.00

79	M2USB-16G	Cisco Catalyst 8000 Edge M.2 USB 16GB	\$0.00	2	\$0.00
80	C8200-NIM-BLANK	Cisco Catalyst 8200 Edge NIM Blank	\$0.00	2	\$0.00
81	SC8KBEUK9-1712	UNIVERSAL	\$0.00	2	\$0.00
Recurring Charges					
82	IOSXE-AUTO-MODE-PF	IOS XE Autonomous or SD-Routing mode for Unified image	\$0.00	2 Each for 84 months	\$0.00
83	C82-1N-4T-PF	C8200-1N-4T Platform Selection for DNA Subscription	\$0.00	2 Each for 84 months	\$0.00
84	DNAC-ONPREM-PF	Cisco DNA Center On Prem Deployment Option for WAN	\$0.00	2 Each for 84 months	\$0.00
85	SVS-PDNA-ESS	Embedded Support for SW - Tiered DNA Essentials On-Prem	\$0.00	2 Each for 84 months	\$0.00
86	NWSTACK-T0-E	Cisco Network Essentials Stack - upto 25M (Aggr, 50M)	\$0.00	2 Each for 84 months	\$0.00
87	DSTACK-T0-E	Cisco DNA Essentials Stack - upto 25M (Aggr, 50M)	\$0.00	2 Each for 84 months	\$0.00
88	SDWAN-UMB-ESS	Cisco Umbrella for DNA Essentials	\$0.00	2 Each for 84 months	\$0.00
89	DNA-P-T0-E-7Y	Cisco DNA Essentials On-Prem Lic 7Y - upto 25M (Aggr, 50M)	\$1,813.35	2 Each for 84 months	\$3,626.70
Total Recurring Charges:					\$3,626.70
Total:					\$12,377.96
VG420-144FXS					
90	VG420-144FXS	Cisco Analog Voice Gateway VG420 - 144FXS	\$12,870.48	4	\$51,481.92
91	CON-SNT-VG42014F	SNTC-8X5XNBD Cisco Analog Voice Gateway VG420 - 144FX	\$2,420.33	4 for 60 mo(s)	\$48,406.60
92	SL-VG420-UC-K9	Unified Communication License for VG420 Series	\$0.00	4	\$0.00
93	NETWORK-PNP-LIC	Network Plug-n-Play Connect for zero-touch device deployment	\$0.00	4	\$0.00
94	SVG420UK9-1712	Cisco VG420 Series IOS XE Universal Image	\$0.00	4	\$0.00
95	CAB-AC	AC Power Cord (North America), C13, NEMA 5-15P, 2.1m	\$0.00	4	\$0.00
96	CAB-AC	AC Power Cord (North America), C13, NEMA 5-15P, 2.1m	\$0.00	4	\$0.00
97	PWR-VG420-650WAC2	Cisco VG420 650W AC Power supply - Secondary	\$456.88	4	\$1,827.52
98	VG420-RM-19-2R	Cisco VG420 Rack mount kit - 19" 2R	\$0.00	4	\$0.00
99	VG420-NIM-BLANK	Cisco VG420 NIM Blank	\$0.00	8	\$0.00
100	PWR-VG420-650WAC	Cisco VG420 650W AC Power supply	\$0.00	4	\$0.00
101	VG420-FAN-2R	Cisco VG420 Fan Tray, 2RU	\$0.00	4	\$0.00
Total:					\$101,716.04
VG400-8FXS					
102	VG400-8FXS	Cisco VG400 Analog Voice Gateway	\$1,627.98	5	\$8,139.90
103	CON-SNT-VG4008X	SNTC-8X5XNBD Cisco VG400 Analog Voice Gateway	\$306.13	5 for 60 mo(s)	\$7,653.25
104	SL-VG400-UC-K9	Unified Communication License for VG400 Series	\$0.00	5	\$0.00
105	CAB-AC	AC Power Cord (North America), C13, NEMA 5-15P, 2.1m	\$0.00	5	\$0.00
106	ACS-1100-RM-19	Cisco 1100 Series Router Rackmount Wallmount Kit	\$40.74	5	\$203.70

107	PWR-VG400-AC	AC Power Supply for Cisco VG400	\$0.00	5	\$0.00
108	SVG400UK9-1712	Cisco VG400 Series IOS XE Universal Image	\$0.00	5	\$0.00
Total:					\$15,996.85
Total (Infrastructure):					\$151,965.37
Training Credits					
TRN-CLC-000					
109	TRN-CLC-000	10 Training credit. Expires in 1 yr. Team Captain required	\$0.00	25	\$0.00
Total:					\$0.00
TRN-CLC-000					
110	TRN-CLC-000	10 Training credit. Expires in 1 yr. Team Captain required	\$0.00	6	\$0.00
Total:					\$0.00
Total (Training Credits):					\$0.00
Variphy 7 Years Bundled					
111	OP-CALL-ANALYTICS-BASE 1K	Variphy Base Install - Call Analytics (1K Units) BASE 1K Product with PRO Support includes Call Analytics in an annual subscription. Only covers MS Teams users	\$49,392.00	1.00	\$49,392.00
112	OP-CALL-ANALYTICS-UNIT 1K	Variphy Add On Unit Licenses - Call Analytics (1K Units) Add-On Unit License paired with OP-CALL-ANALYTICS-BASE 1K. Provides PRO Support for Call Analytics units in an annual subscription	\$21.60	1000.00	\$21,600.00
113	OP-MGMT-ALL-BASE 1K	Variphy Base Install - All Management Features (1K Units) BASE 1000 Product with PRO Support includes All Management Features (PHN, AUD, RPT, DIAL) in an annual subscription	\$30,576.00	1.00	\$30,576.00
114	OP-MGMT-ALL-UNIT 1K	Variphy Add On Unit Licenses - All Management Features (1K Units) Add-On Unit License paired with OP-MGMT-ALL-BASE 1K. Provides PRO Support for All Management Features (PHN, AUD, RPT, DIAL) units in an annual subscription	\$22.78	1000.00	\$22,780.00
115	OP-SBC-4	Variphy Insight - SBC 4 Tier OP-SBC-4 Product includes Call Analytics for up to 4 Session Border Controller devices with support in an annual subscription	\$47,911.11	1.00	\$47,911.11
116	OP-CC-ANALYTICS-BASE 100	Variphy Base Install - Contact Center Analytics (100 Units) BASE 100 Product with PRO Support includes Contact Center Analytics and Wallboarding in an annual subscription	\$50,400.00	1.00	\$50,400.00
117	OP-CC-ANALYTICS-UNIT 100	Variphy Add On Unit Licenses - Contact Center Analytics (100 Units) Add-On Unit License paired with OP-CC-ANALYTICS-BASE 100. Provides PRO Support for Contact Center Analytics and Wallboarding units in an annual subscription	\$166.94	71.00	\$11,852.74
118	DISC-SPECIAL	Variphy Special Discount	\$-42,209.36	1	(\$42,209.36)
Total (Variphy 7 Years Bundled):					\$192,302.49
Singlewire 7 years					
119	SS-CPF-3	One Time Cloud Provisioning Fee TIER 3	\$0.00	1	\$0.00
120	SSF-%YR-USR-TIER 3	InformaCast Fusion User	\$66.14	1700.00	\$112,438.00
121	IPTA-IFS	InformaCast Fusion Hardware Appliance	\$991.11	15.00	\$14,866.65
122	SS-PS-JS-2	JumpStart	\$9,288.89	1.00	\$9,288.89
Total (Singlewire 7 years):					\$136,593.54
VMWare vSphere 5 years					
123	VCF-VSP-FND-8	VMware vSphere Foundation 8	\$161.66	72.00	\$11,639.52
Comments: Year 1					\$11,639.52
124	VCF-VSP-FND-8	VMware vSphere Foundation 8	\$161.66	72.00	\$11,639.52
Comments: Year 2					\$11,639.52
125	VCF-VSP-FND-8	VMware vSphere Foundation 8	\$161.66	72.00	\$11,639.52

Comments: Year 3					
126	VCF-VSP-FND-8	VMware vSphere Foundation 8	\$161.66	72.00	\$11,639.52
Comments: Year 4					
127	VCF-VSP-FND-8	VMware vSphere Foundation 8	\$161.66	72.00	\$11,639.52
Comments: Year 5					
Total (VMWare vSphere 5 years):					\$58,197.60
Poly Headsets					
128	85Q99AA	Poly APU-75D Electronic Hookswitch TAA	\$56.10	162	\$9,088.20
129	7W073AA#ABA	Poly CS540A DECT 1920-1930 MHz Headset TAA - Mono - Wireless - DECT 6.0 - 393.7 ft - Over-the-ear, Over-the-head - Monaural - In-ear - Noise Cancelling Microphone - Noise Canceling - Black - TAA Compliant	\$196.92	150	\$29,538.00
130	7W6D1AA#ABA	Poly Savi 8245 Office DECT 1920-1930 MHz USB-A Headset TAA - Mono - Wireless - Bluetooth - 590.6 ft - 20 Hz to 20 kHz - Over-the-ear, Over-the-head - Monaural - In-ear - Noise Cancelling Microphone - Noise Canceling	\$279.13	12	\$3,349.56
Total (Poly Headsets):					\$41,975.76
***Any Tax & Freight Charges will be added/amended at time of billing. Sales tax and shipping are estimates and subject to change. VAT Disbursement and International duties are estimates. Clients will be billed back the actuals that are received in.			Sub Total:		\$1,693,047.36
			Estimated Tax:		\$26,595.64
			Grand Total:		\$1,719,643.00
This quote is governed by Master Services Agreement HA 053-2018 dated August 15, 2018.					
Customer hereby authorizes and agrees to make timely payment for products delivered and services rendered, including payments for partial shipments					
Customer Signature			Date		
<div></div>			June 18, 2025		

APPROVED AS TO FORM:
Legal Services Department

By Shannon Hochstein
Kern County Hospital Authority

REVIEWED ONLY
NOT APPROVED AS TO FORM

By *Shannon Hochstein*
Kern County Hospital Authority



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

June 18, 2025

Subject: Proposed Statement of Work with Presidio Networked Solutions Group, LLC to provide professional services in support of the Cisco Telephony Upgrade project

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Statement of Work (SOW) with Presidio Networked Solutions Group, LLC for the Cisco Telephony Upgrade project. The proposed SOW outlines how Kern Medical will be able to use the professional services of Presidio to augment current staff services in support of the Cisco Telephony Upgrade project. The proposed SOW agreement outlines the time and material for senior voice engineer services that can be utilized as needed.

Therefore, it is recommended that your Board approve the proposed Statement of Work with Presidio Networked Solutions Group, LLC., for professional services in support of the Cisco Telephony Upgrade project, for a term of one (1) year effective July 1, 2025 to June 30, 2026 , in an amount not to exceed \$165,275, authorize the Chairman to sign, and authorize the Chief Executive Officer to acknowledge receipt of equipment and any other supporting documentation to utilize the proposed professional services.



PRESIDIO®

Cisco Unified Communications and Contact Center

STATEMENT OF WORK

Kern Medical Center

SOW Date: June 6, 2025

Opportunity #: 1003225501104.3

Valid for: 60 Days

CONTACT INFORMATION

Client Name: Kern Medical Center	Account Manager: Jeremy Lim
Contact Name: Craig Witmer	Account Manager Email: jlim@presidio.com
Contact Phone: 661-645-9692	Solution Architect: Rahul Arora / Morgan Andreas
Contact Email: craig.witmer@kernmedical.com	Business Development Manager: Scott Thompson
Contact Address: 1700 Mt Vernon Ave Bakersfield CA 93306-4018	Business Development Manager Email: sthompson@presidio.com

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Other product and company names mentioned herein may be the trademarks of their respective owners. The scope and pricing are valid for 60 days unless otherwise noted.

1. EXECUTIVE OVERVIEW

1.1. Project Introduction

Presidio is pleased to propose the following solution to Kern Medical Center ("Client"). This Statement of Work ("SOW") defines the tasks to be performed and the responsibilities of Presidio and Client.

The Professional Services as stated within this SOW are subject to and shall be governed by Presidio's Terms of Service Agreement (<https://presidio.com/presidio-terms-of-service-agreement>) which are incorporated into and made a part of this SOW by this reference; unless a valid Master Services Agreement ("MSA"), HA 053-2018 dated August 15, 2018, as amended, between the parties, if any, for professional services has been executed and is in force at the time any SOW is executed; in which case the terms of the Master Services Agreement shall govern to the extent that they are inconsistent with this SOW.

1.2. Solution and Approach Overview

Presidio will be providing a full turnkey solution to migrate Kern Medical Center to a Cisco Collaboration & Contact Center solution. The solution encompasses:

- Cisco Unified Communications Manager ("CUCM")
- Cisco Unity Connection ("CUC")
- Cisco Emergency Responder ("CER")
- Cisco Unified Contact Center Express ("UCCX")
 - Including Cisco Unified Intelligence Center ("CUIC") & Variphy Wall Boards
- Cisco Expressways for Mobile Remote Access to allow mobile workforce to leverage the telephony solution without a need to set up VPN
 - E911 solution for mobile workers not included but available once Kern is ready to deploy this future solution
- Cisco Voice Gateways (PSTN, RightFax/Avaya Interop, Analog for devices and overhead paging interop)
- Cisco IP Phones
 - desk phones (PoE)
 - Android-based wireless phones with charging docks, healthcare grade and access to 3rd party applications via the Google Play Store
- Headsets (battery swappable) & tested with the Cisco 9800 series phones
- VMWare Standard for the existing Kern Business Edition 7k Servers (Cisco Voice UCS Servers)
- Variphy for Call Reporting/Accounting
- Singlewire InformaCast for Paging/Mass Notification with Interop to existing overhead paging via included FXO ports

The provided solution will comply with the requirements as laid out by Kern in the RFQ including:

Calling -

- Call forward/transfer

- Auto Attendant
- Do Not Disturb (DND)
- Priority Based Routing System
- Hot Desking
- Call Monitoring/Barging
- Caller ID
- Call Masking
- Call Recording (ready, Recording solution not included)
- Auto re-dial on Voicemails/Missed Calls
- Line Monitoring
- Desktop based Attendant Console (system ready, not included)
- Customization (Music on Hold, Greetings, Rings before No Answer, etc.)
- Voicemail with Email integration ("Single Inbox")
- Reporting
 - Call per DID/Extension
 - PSTN Calls/SIP trunk utilization
 - Contact Center
- RightFax/Avaya Integration via T1 PRI on Cisco 8200 Routers

Contact Center –

- Dashboard for Agents & Supervisors (place/transfer calls, etc.)
- Wallboards
- Skill Based Routing
- Call Queueing (including automated wait time)

2. SCOPE OF WORK

2.1. Services Detail

Phase: Contact Center Express

Service Name: Contact Center Deployment | Quantity: 1

Activity Scope:

Presidio will implement a comprehensive Cisco Contact Center Express (CCX) solution for Kern Medical, designed to optimize patient interactions and enhance operational efficiency. This solution will empower Kern Medical to manage calls effectively through several key features. Real-time visibility into contact center performance will be provided through customizable dashboards and wallboards, displaying critical metrics like call volume, wait times, and agent availability. Skills-based routing will ensure that incoming calls are directed to the most qualified agent based on their expertise, improving first-call resolution. Robust call queuing capabilities will manage call flow during peak periods, minimizing patient wait times and abandoned calls.

The implementation will support a total of 171 users, comprising 151 agents and 20 supervisors. Presidio will handle the complete build-out of the CCX solution, configuring agent and supervisor desktops for optimal functionality. Crucially, Presidio will deliver end-to-end training for all users. Separate training sessions will be conducted for agent desktop, supervisor desktop, and call reporting functionalities, ensuring that all staff members are proficient in utilizing the new system and maximizing its benefits. This comprehensive approach will enable Kern Medical to leverage the full potential of Cisco CCX to deliver exceptional patient care.

Presidio Contact Center Professional Services will provide the following services for a Cisco Contact Center Express environment.

- Conduct requirements review and technical Detailed Design Workshop (DDW).
 - For this scope of work, Presidio has estimated a total of two (2) DDW lasting up to four (4) hours each is required.
 - At the conclusion of the DDW, Presidio will deliver one (1) CCX Design Workbook (DW), containing all relevant technical details specific to this project.
- Review success and failure criteria.
- Review standard and custom reporting templates and requirements as needed.
- Work with Variphy for Agent/Supervisor Dashboards.
- Complete System Acceptance Testing (SAT).
 - SAT provides system level testing of all components of the Contact Center environment and focuses on the following areas:
 - Operational testing to ensure that deployed functionality adheres to the design
 - SAT testing will be completed before handoff to Client for user acceptance testing (UAT).
- User Acceptance Testing (UAT)
 - Presidio assumes Client will perform end-to-end comprehensive testing across all functional areas of the solution for user acceptance testing involving business and technical stakeholders.
 - Presidio assumes that the UAT testers are knowledgeable in the business use case.

- Presidio will provide UAT support to Client for up to 5 consecutive days up to 8 hours per day; Presidio Engineers will be available to Client UAT testers to help answer any questions during their UAT and provide general UAT support.
- Presidio assumes Client will provide list of defects on a daily basis (or multiple times in one day) during the UAT period so Presidio Engineers can address the issues in a timely manner and ask Client testers to retest.
- Go-Live and Support - Transition successfully tested and user accepted platform to production and provide post-deployment support.
 - Presidio and the Kern Medical Center will institute a freeze period and change control process to ensure that no changes are made in the existing environment after the new environment has the final configurations complete. Presidio recommends a 10-day freeze period prior to cutover.
 - Presidio will provide for a single cutover event. Additional cutover events may be defined below.
 - Presidio will produce a Cutover Plan that will be followed for the event and includes pre-cut upgrade tasks to complete, upgrade event tasks with estimated duration of each task, escalation contacts for the event, staffing, and tracking log of post-cutover issues and support.
 - Presidio will begin reviewing the Cutover Plan with the customer no less than 2-weeks prior to the cutover event.
 - Presidio will provide post-deployment support for a total of two (2) days. Additional days of post-deployment support may be defined below.

Phase: Contact Center Express Deployment Details

The following are specific configuration parameters for Kern Medical that are considered in scope for this scope of work.

- Deployment of two **(2)** Contact Center Express OVAs on customer provided Servers
 - Publisher
 - Secondary
- Configuration of up to **(8)** business units.
 - Inpatient Scheduling
 - IT Command Center
 - Ambulatory Scheduling
 - IT Helpdesk
 - Human Resources
 - LLC
 - (2) Quality Centers
- Configuration of up to **(171)** Agents and Supervisors (combined)
- Configuration of up to **(15)** skill groups queues.
 - Skill groups queues are collections of agents in a Team that share a common set of skills.
- Configuration of up to **(15)** unique 4x2 Call Flow Menus
 - 4x2 Call flow or Sub flow's is defined as four main stages or steps in a call flow, each with two possible outcomes or paths.
- Configuration of up to **(21)** Voice Triggers
 - The dialed number (DN) is the number that the caller dials to start the call and identifies the CC routing script to run. Set dialed numbers for Business Hours, Music on Hold, and Service Level Thresholds

Phase: Contact Center Agent Train the Trainer

Activity Scope

Presidio Contact Center Professional Services will provide the following train the trainer style training services for the deployed Contact Center environment.

- **Agent Training**
 - Train the trainer delivery methodology will be used.
 - Agent training in **(2)** sessions of up to **(2)** hours each.
 - Training will be delivered on the as built system.
 - Web Conferencing solution will be used during the training for delivery.
 - Training will be recorded and provided to the customer for future use.
 - Reference guides and training material will be provided

Phase: Contact Center Supervisor Train the Trainer

Activity Scope

Presidio Contact Center Professional Services will provide the following train the trainer style training services for the deployed Contact Center environment.

- **Supervisor Training**
 - Train the trainer delivery methodology will be used.
 - Supervisor training in **(2)** sessions of up to **(2)** hours each.
 - Training will be delivered on the as built system.
 - Web Conferencing solution will be used during the training for delivery.
 - Training will be recorded and provided to the customer for future use.
 - Reference guides and training material will be provided

Phase: Contact Center Analyzer Report Train the Trainer

Activity Scope

Presidio Contact Center Professional Services will provide the following train the trainer style training services for the deployed Contact Center environment.

- **Analyzer Report Training**
 - Train the trainer delivery methodology will be used.
 - Analyzer Report training in **(2)** session(s) of up to **(2)** hours each.
 - Training will be delivered on the as built system.
 - Web Conferencing solution will be used during the training for delivery.
 - Training will be recorded and provided to the customer for future use.
 - Reference guides and training material will be provided

Phase: Contact Center Administrator Knowledge Transfer

Activity Scope

Presidio Contact Center Professional Services will provide the following knowledge transfer/administrator training services for the deployed Contact Center environment.

- **System Administration Knowledge Transfer**
The System Admin training will cover topics to include infrastructure build review, configuration build, scripting review, features, and troubleshooting basics. Also, during this Transition Phase, open issues from the cutover issues log will be resolved, and the As-built documentation will be created.
 - Administration training will be up to **(4)** hours. Completed during defined business hours and within a single day or sequential days as required unless specifically agreed on between the Client and Presidio.
 - Training delivered on the As-built system.
 - Covers Contact Center administration.
 - Reference guides provided.
 - Recommended training option is Official Cisco training, list of classes and quotes available upon request or from a certified Learning Partner.
 - Training will be provided for Kern Medical remotely.
 - Web Conferencing solution will be used during the training for delivery.

Service Name: Configure (1) new physical collaboration server | Quantity: 2

Activity Scope:

For each quantity indicated, Presidio will provide services for deploying and configuring one (1) new Collaboration physical server to host Collaboration virtual machines. During regular business hours Presidio will remotely:

- Install VMWare ESXi licensing to the two servers (included in quote)
- Consult with Client regarding requirements for VLANs, IP addressing, etc.
- Client to assist with assignment of initial management IP address and initial login credentials.
- Presidio will remotely upgrade UCS server firmware if required.

Client to rack mount and cable new physical server.

Phase: Unified Communications

Service Name: Collaboration Discovery/Design | Quantity: 1

Activity Scope:

Presidio will need to evaluate the current Collaboration setup and configuration and create a new design plan. Presidio will hold a collaborative session with the Client to identify the crucial components needed for a successful solution.

Service Name: FDD Collaboration | Quantity: 1

Activity Scope:

- Presidio will create a Basic Functional Design Document (FDD) outlining the project details, which will then be reviewed and approved by the Client.

Together, Presidio and the Client will develop an implementation and verification plan that will be used to measure the success of the project.

Service Name: New CUCM Cluster Install - New Hardware | Quantity: 1

Activity Scope:

For each quantity indicated, Presidio will provide services for installing a new Cisco Unified Communications Manager (CUCM) cluster on new VMware ESXi host servers (Qty 2 BE7K M6 servers client has previously procured). CUCM nodes will be installed to the supported, agreed-upon version. If required, disruptive tasks (interop to production solutions – RightFax, Overhead Paging, Avaya, etc.) within the upgrade processes will be performed during the after-hours maintenance window(s). Presidio will:

- Install (1) Publisher CUCM node and up to (3) Subscribers CUCM nodes in the same cluster
- Perform basic health check of CUCM cluster. (Backups, replication, logs, etc.) If issues are found client will be notified and remediation discussed. Remediation of preexisting conditions is not in scope
- Configure the licensing registration to the Cisco Smart Software Manager (CSSM) Smart Account / Virtual Account, if required.

Service Name: Voice Gateway New | Quantity: 4

Activity Scope:

For each quantity indicated, Presidio will configure and deploy a new Cisco voice gateway for telephony connectivity. Presidio will:

- Work with client networking team to connect new voice gateway to the network & tie into the existing Avaya PBX (1 x 8200L via T1 PRI)
- Work with client networking team to connect new voice gateway to the network & tie into the existing RightFax (1 x 8200L via T1 PRI)
- Configure the new voice gateways (2 x 8321 CUBE) for voice calling connectivity to CUCM and one PSTN service providers
- In conjunction with the client fully test inbound and outbound calling through the voice gateway

Service Name: Analog Gateway New | Quantity: 4

Activity Scope:

For each quantity indicated, Presidio will configure and deploy a new Cisco VG420 gateway for analog endpoint connectivity. Presidio will:

- Work with client networking team to connect new voice gateway(s) to the network
- Configure the new voice gateway for analog endpoint connectivity to CUCM
- In conjunction with the client fully test inbound and outbound calling through the voice gateway

Client is responsible for ensuring all analog cabling is run back to the IDF/Datacenter where these VG450s will be deployed. Client is responsible for providing RJ-21 amphenol cable to connect to existing patch panels/110 block.

Service Name: VG400 Overhead Paging Gateway New | Quantity: 5

Activity Scope:

For each quantity indicated, Presidio will configure and deploy a new Cisco VG400 FXO voice gateway for overhead paging connectivity. Presidio will:

- Work with client networking team to connect new voice gateway(s) to the network
- Configure the new voice gateway for voice calling connectivity to CUCM and integrating to existing client overhead paging systems.

In conjunction with the client fully test paging through the gateway. Client is responsible for procuring and installing any paging amplifier (i.e. Bogen TAMB2) as needed.

Service Name: Phones | Quantity: 1350

Activity Scope:

Presidio will:

- Presidio will provision up to (1350) new phones per Service Summary quantity in the new CUCM cluster.

Client is responsible for placing and testing all phones.

Service Name: Additional Sites | Quantity: 16

Activity Scope:

Presidio will provision the system configuration for up to one new location in the Client's new CUCM cluster for each selected quantity. Presidio will:

- Configure CUCM site specific system level configuration
- Configure CUCM site specific Dial-plan

Service Name: Complex Hunt Group | Quantity: 5

Activity Scope:

Presidio will perform the following actions for each selected quantity:

- Presidio will provision the system for up to (3) new Complex Hunt Group's the Client's CUCM cluster.
 - A Complex Hunt Group includes up to three groups of phones for hunting of calls based on no answer or busy and/or queuing of calls

Service Name: Music on Hold | Quantity: 1

Activity Scope:

Presidio will perform the following actions for each selected quantity:

- Add up to three (3) MOH streams. Multicast not included

Service Name: New CER cluster deployment with up to 5 ERLs/ELINs | Quantity: 1

Activity Scope:

For each quantity indicated, Presidio will deploy a new CER cluster integrated to an existing supported Cisco CUCM deployment. Presidio will configure up to five (5) ERLs/ELINs during the base install, mapping up to ten (10) Network switches and up to ten (10) Wi-Fi BSSIDs into the five (5) ERLs. Presidio will demonstrate to Client how to create more ERLs and/or create more granular ERLs.

During regular business hours, Presidio will remotely:

- Deploy a new CER system with one (1) CER publisher and up to one (1) CER subscriber sized to the environment. Integrate to CUCM via AXL and calling configuration, configure platform backups.
- Design and planning session to review network element mapping to physical Emergency Response Locations (ERLs) and SNMP requirements. (See assumptions section)
- On supported CUCM systems, setup wireless controller sync (Cisco Controllers only) and poll up to one (1) controller (if needed)
- Configure CER to poll network switches (Cisco only) up to ten (10) Network switches.
- Configure CER with up to five (5) ERLs/ELINs using the included network elements. (up to ten (10) switches and up to ten (10) BSSIDs). This assumes the included switches/BSSIDs map into the five (5) ERLs for the initial configuration.
- Configure up to five (5) alerting groups.
- Configure jabber-config.xml with new parameters to report BSSID to CUCM. Supported with Jabber and Webex App. (If Wi-Fi BSSID mapping is used)
- Have a knowledge transfer session with the client to review system configuration and demonstrate how to add additional ERLs and how to map network elements more precisely to the ERL if more granular locations are required.
- Support for Client-lead testing of emergency calls for up to two (2) ERLs, The Client is expected to test any additional ERLs.

Service Name: Add 10 Cisco Switches and up to 5 ERLs/ELINs to Existing CER | Quantity: 4

Activity Scope:

For each quantity indicated, Presidio will configure up to ten (10) additional switches with up to five (5) new ERLs/ELINs. During regular business hours, Presidio will:

- Hold a design and planning session to review network element mapping to physical Emergency Response Locations (ERLs/ELINs). (See Client Responsibility section).
- Configure CER to poll additional network switches.
- Configure CER with up to five (5) ERLs/ELINs using network elements provided by the Client. This assumes the included network elements map into the five (5) ERLs included in this effort.
- Configure up to five (5) additional alerting groups.

Client will fill out Presidio's provided workbook with the Cisco Switches with host names, IP addresses, IOS version, SNMP RO community string, and location (building, street address, floor, room, etc. and description).

- Support for Client-lead testing of emergency calls for up to two (2) ERLs. Client is expected to test any additional ERLs.

Service Name: Unity Connection Cluster Upgrade - New Hardware | Quantity: 1

Activity Scope:

For each quantity indicated, Presidio will deploy a new Cisco Unity Connection (Voice Mail) cluster to the agreed-upon version on new VMware ESXi host servers. Presidio will:

- Install & Configure (1) Publisher CUC node and up to (1) Subscriber CUC node
- Perform basic health check of CUC cluster. (Backups, replication, logs, etc.) If issues are found, client will be notified and remediation discussed. Remediation of preexisting conditions is not in scope
- Configure the licensing registration to the Cisco Smart Software Manager (CSSM) Smart Account / Virtual Account, if required.

Service Name: Simple Auto Attendant | Quantity: 3

Activity Scope:

Presidio will configure voicemail Automated Attendant (AA) services in Unity Connection for up to three (3) AA with a single menu level.

Presidio will:

- Collection information from the Client on the desired call flow(s) for the AA's
- Provision auto attendants based on the information collected with transfers to internal extension, external telephone number or voicemail boxes

Service Name: Single Inbox Email Connector | Quantity: 1

Activity Scope:

For each quantity indicated, Presidio will provide services for the configuration of the Unity Connection system with the Client email environment for voice message delivery into the users email inbox. Presidio will:

- Work with Client to create the access for Unity Connection into their MS Office365, MS Exchange or Google email environment

Service Name: User Configuration | Quantity: 1500

Activity Scope:

Presidio will:

- Provision up to fifteen hundred (1500) user voicemail accounts

Service Name: New Expressway Cluster Deployment with 1 x Expressway-C & 1 x Expressway-E | Quantity: 2

Activity Scope:

For each quantity indicated, Presidio will provide services to install one Cisco Expressway Core and Edge server pair to software version as determined in the design and planning sessions. Presidio will:

- Install latest release on one (1) Expressway Core server (EXP-C)
- Install latest release on one (1) Expressway Edge server (EXP-E)
- Configure / Register to Cisco Smart Licenses (as needed)
- The sequencing of the upgrade and migration to the new hardware will be determined during the project discovery and design by the collaboration engineer
- Tie the Expressway pair as a single cluster where RTT permits, otherwise the 2 instances will function independently with round robin utilization via public DNS (Kern to assist)

Service Name: Migration Event FDIS, remote | Quantity: 1

Activity Scope:

Presidio will provide up to 8 hours of remote Collaboration engineering support during an agreed-upon migration or go-live event window.

Service Name: Knowledge Transfer | Quantity: 1

Activity Scope:

After the installation is completed, our Presidio engineer will provide up to two (2) hours of product knowledge transfer. This additional time is meant for the Client to ask any questions related to the task at hand and gain a deeper understanding of how the technology works and its application in this specific deployment. It's important to note that this knowledge transfer should not exceed two (2) hours as it may impact the project timeline and scope. Any further training beyond this will require additional classroom instruction.

Service Name: Avaya T&M Sub | Quantity: 1

Activity Scope:

Provide assistance with Avaya configuration work to tie the Cisco solution to the existing Avaya during the migration phase.

3. ENGAGEMENT INFORMATION

3.1. Resources

Presidio approaches project execution from a skills-based perspective. Our Execution Team comprises individuals with specific skill sets that will be utilized at different times during a given project. This allows us to provide a very specialized workforce to the Client and utilize the appropriate resources for the task required. The Project Manager will distribute contact information for the project team personnel.

The following Presidio resources will be engaged in this project:

Resource Name	Practice
Collab Eng - Sr.	Collaboration
Contact Center Project Manager	Contact Center
Senior Contact Center Engineer	Contact Center

3.2. Locations

All services outlined in this SoW will be performed and delivered remotely unless otherwise specified. Services described in this SoW may be performed or will impact the following locations as well as numerous smaller clinics.

Location	Address	City State ZIP
Kern Medical Center	1700 Mt Vernon Ave	Bakersfield, CA 93306-4018
Columbus Clinics	1111 Columbus Ave	Bakersfield, CA 93306-4018
M Street	2700 M St	Bakersfield, CA 93306-4018
Office Park	5101 Office Park	Bakersfield, CA 93306-4018
Q Street	3551 Q St	Bakersfield, CA 93306-4018

3.3. Outcomes and Deliverables

Documentation may be created by Presidio and provided as part of the Project Deliverables. Some of these deliverables may be delivered as a single document. The specific documentation to be provided depends on your chosen solution(s).

Client's acceptance of all deliverables described in this agreement and of the completion of the project shall be in writing. Deliverable acceptance shall be in the form of an email or signature (as applicable), and final project acceptance shall be in the "Project Completion Signoff" form provided by the project manager. If acceptance is refused, the Client shall provide, in writing to Presidio, a reason for refusal. Presidio shall address the issue before subsequent work is undertaken.

For any documentation provided, it shall be reviewed and approved by the Client in accordance with the following procedure:

- If a written list of requested changes is received within five (5) business days, the Presidio Project Team will make the agreed-upon revisions and re-submit the updated version to the client within five (5) business days.
- At that time Client has five (5) business days to review and request changes for the final document. If no written response is received from the Client within five (5) business days, either accepting or requesting changes, then the deliverable material shall be deemed accepted.

4. PRESIDIO PROJECT MANAGEMENT (PPM)

4.1. Project Management Scope

Senior Project Manager (PM)/Scrum Master will be the single point of contact for all project support issues within the scope of this project. The PM is experienced in project management and agile best practice methodologies and familiar with the technology involved. This Project Manager is responsible for the overall project timeline, scope, budget management, resource scheduling/tracking, communication planning, and execution in accordance with the Presidio Lifecycle Methodology.

Included in our standard Project Management offering for this engagement are the following:

- Remote kickoff meeting with presentation
- Project plan development and management, including:
 - Risks, actions, issues, and decisions tracking and resolution.
 - Deliverable/milestone tracking.
 - Scope and change management.
 - Stakeholder register.
- Communication plan and meeting facilitation, including:
 - Kickoff meeting.
- Scrum ceremonies:
 - i) Stand-up.
 - ii) Cross-team stand-ups and working sessions (as needed).
 - iii) Backlog refinement.
 - iv) Sprint planning.
 - v) Internal and external sprint retrospectives.
 - vi) Sprint demo (aligned with project status calls/reporting).
- Governance/Status calls with Stakeholders.
- Resource scheduling and oversight.
- Budget tracking and management.
- Project closure and acceptance signoff (remote).

4.2. Project Change Request Process

Any Items that are determined to be outside of this Scope of Work and deliverables defined must be submitted with a Project Change Request Form. No work outside of this Scope of Work will be undertaken without written approval and processing of a Project Change Request.

In the event that both Presidio and Client agree to a change in this Statement of Work, a written description of the agreed-upon change will be prepared using a Project Change Request (PCR) form, which both parties must sign. The PCR form will be used to describe the change, the rationale for the change, and to specify any change in the scope, schedule, or budget.

The terms of a mutually agreed upon Change Authorization will prevail over those of this Statement of Work or any previous Change Authorization.

Modifications in project scope, including but not limited to the following, will require a Project Change Request:

- Client-requested changes in outcome, approach, features, or capabilities.
- Additional required tasks discovered through the planning and design review but not mentioned in this SOW or changes to the design after the signoff of the design phase and/or during the implementation phase.
- Upgrade, modification, or repair of equipment or applications to effectively deploy this scope.
- Defective equipment provided by the Client and integrated into the solution requiring additional diagnostic troubleshooting and/or remediation.
- Troubleshooting issues due to Client changes to configurations made “after” releasing the system or “after” a specific milestone completion in a multi-site phased deployment.
- Delays due to issues relating to site preparation that result in delays to the project.
- Delays in responding to scheduling requests, acceptance requests, and requests for information.
- Insufficient notice of a schedule change. If 24-hour notice is not provided, charges may be applied.

4.3. Technical Support after Completion

For non-critical support, including system expansion options, assessments, audits, and related services, or services that are not covered by a support contract with Presidio or another vendor, Presidio offers a variety of options, including Fixed Fee, Hourly Rate, or Daily Rate options. Pricing for these services is not included in this Statement of Work.

Managed Services Clients

Technical support for the solution implemented within the scope of this SOW can be obtained by:
calling 800-494-0118 sending an email to
presidio@service-now.com

Non-Managed Services Clients

Vendor's (such as Cisco or EMC) Support Center or Technical Assistance Center (TAC) is the vehicle for all support.

These Vendor Support Centers provide 7x24 support on all hardware and software, including replacement parts, software patches and updates, and configuration assistance.

5. PRACTICE SPECIFIC DETAILS

5.1. Collaboration Services

For Projects related to IP Telephony. PLEASE READ CAREFULLY. IT IS CLIENT'S RESPONSIBILITY TO UNDERSTAND ITS OBLIGATIONS TO ENABLE E911 SERVICE.

- **E911 SERVICE.** Under rules adopted by the Federal Communications Commission as well as pursuant to various state laws, certain multi-line telephone systems ("system") must enable e911 service by permitting callers to dial 911 and by providing certain information about the caller's location to emergency responders (collectively, "the e911 rules"). Client acknowledges and agrees that the sale, installation, and/or operation of the system by Presidio are functions performed by Presidio under the control and direction of the Client. Client further acknowledges and agrees that it controls and oversees the implementation of the system after installation and that it is responsible for compliance with the e911 rules.
- **E911 CHARACTERISTICS.** Client acknowledges that the system has certain characteristics that distinguish it from traditional, legacy, circuit-switched services. These characteristics may make the system unsuitable for some clients. Client should carefully evaluate their own circumstances when deciding whether to rely solely upon the system to enable e911 service. Client acknowledges that it is Client's responsibility to determine the technology or combination of technologies best suited to meet client's emergency calling needs and to make the necessary provisions for access to e911 service (such as maintaining a conventional landline phone or wireless phone as a backup means of completing emergency calls).
- **E911 LIMITATION OF LIABILITY.** Client acknowledges and agrees that Presidio will have no liability whatsoever in the event that: (a) client or any other caller using the system is unable to place or complete a call to 911 or access e911 service; (b) emergency responders do not respond, or do not respond to the location at which the system, client, or caller is physically present or require emergency services; or (c) client fails to comply with the e911 rules. Under no circumstances whatsoever will Presidio have any liability associated with e911 service, including, and without limitation, in the event of: (a) loss of electrical power; (b) loss of internet connectivity; (c) defective or misconfigured client premises equipment; (d) network congestion; (e) delays associated with the delivery of caller location information; (f) restrictions created by non-voice equipment; (g) relocated equipment, including outside of the United States; (h) the simultaneous use of one line with multiple pieces of equipment; (i) failure of emergency response centers to answer a 911 call; (j) failures of any third parties that are responsible for routing 911 calls; (k) the use of non-native telephone numbers; or (l) any force majeure event. Client acknowledges and agrees that the limitation of Presidio's liability is a material term to this agreement, that it would not otherwise enter into this agreement without this limitation, and that client agrees that these limitations are reasonable.
- **E911 INDEMNITY.** Client agrees to defend, indemnify, and hold harmless Presidio, its officers, directors, employees, affiliates, and agents from any and all claims, losses, damages, fines, penalties, costs, and expenses (including, without limitation, reasonable attorneys' fees) by, or on behalf of, client or any third party or any caller using the system relating to e911 service, including, and without limitation, the inability of a caller to place or complete a 911 call or the failure of client to deliver client location information as required by the e911 rules.

6. ASSUMPTIONS & RESPONSIBILITIES

Presidio makes the following assumptions and has identified the following Client responsibilities in developing this Statement of Work. These assumptions and responsibilities serve as the foundation on which the project estimate, approach, and timeline were developed. By signing this SOW, Client agrees that these assumptions and responsibilities are correct and valid. Any changes to the following assumptions and responsibilities must be processed using the Presidio Change Management Process and may impact the project duration and labor requirements.

6.1. Engagement Assumptions

The following project assumptions are made and will be verified as part of the engagement:

- Client has read and agrees with all Items contained or omitted within this Statement of Work.
- This SOW supersedes all prior written or oral agreements, representations, and understandings related to the subject matter hereof. Any purchase order submitted pursuant to this SOW shall be subject to the terms herein and shall not be subject to any new or different terms, including pre-printed terms on such order. All changes to this agreement must be executed in writing and accepted by both parties, as indicated by authorized signature, prior to the execution of work.
- Presidio will hold no responsibility for any changes made "after" releasing the system to the Client. Presidio expressly disclaims any liability for non-performance or the delivery of poor quality of services resulting from errors or omissions in information provided to Presidio by Client, whether Presidio knew or should have known of any such errors or omissions, or whether Presidio was responsible for or participated in gathering of such information. Significant delays, revisits, or cancelled changes outside of Presidio's control may necessitate a change order to account for rescheduling.
- Working Hours: Presidio and Client will jointly agree on the location of the resources, onsite requirements, and what time the services will be provided. By default:
 - Services delivered by resources working in North America and Europe will be provided from 8 AM to 5 PM, relative to the local time zone of the assigned resources, Monday through Friday, excluding standard Presidio holidays specific to the resources' location.
 - Services delivered by resources working in India will be provided from 11 AM to 8 PM IST, Monday through Friday, excluding standard Presidio holidays specific to the resources' location.
 - Resources may work hours other than those defined as normal business hours to accommodate their travel schedules and time zones.
- Any Items or tasks not explicitly listed as in-scope within this SOW are considered to be outside of the scope and not associated with this SOW and price.
- Any Database Dips or API integrations are outside of this scope and will require a Project Change Request to have them added.
- If integration of the product is performed at a Presidio facility, then transfer of ownership (acceptance) occurs upon the receipt and integration of goods at Presidio, regardless of shipment, as manufacturers will not accept returns of opened products.
- Presidio will not be held responsible for troubleshooting networks, applications, and/or hardware if Client has no formal change management documented processes and policies.

- Presidio may engage subcontractors and third parties in performing a portion of this work.
- Presidio will not make changes to the configuration of any network equipment after it has been installed and tested.
- Some activities included in this project may be performed on Presidio's premises.
- Not all features or functions of the installed system are included in the scope of this engagement.
- Presidio reserves the right to modify the approach outlined within this SOW if it does not alter the timeline or overall outcome of the engagement.
- Presidio will configure the systems outlined within this Statement of Work with a unique set of authentication credentials unless otherwise provided by the Client. Upon the completion of the engagement, Presidio will provide Client with all usernames, passwords, and additional authentication information that were implemented during the engagement. Presidio strongly recommends that these credentials be changed upon the completion of the engagement.
- Any documentation will be delivered in Presidio format unless otherwise stated in this SOW.
- Project success criteria will be defined by the Client and jointly agreed to with Presidio.
- Client staff will participate throughout the implementation.
- Time and Materials engagements do not provide defined deliverables unless explicitly stated in this SOW. To the extent that documentation or other task-related materials or deliverables are required, time to prepare, deliver, and review those deliverables will accrue against the hours purchased.
- Hours for Time and Material services are best-effort estimates; additional hours may be required to satisfy the request. If the client's objectives are not met at the end of the allotted hours, a new Purchase Order and agreement must be submitted.
- For Time and Materials services, it is the Client's responsibility to direct the Presidio consultant's activities by creating a prioritized Task List or similar documented instruction. It is recommended that this be provided to the Presidio Engineer 48 hours prior to the first day of services.
- Time and Materials Services will be invoiced monthly and based on actual hours incurred. For hourly service, a 4-hour daily minimum applies for remote services, and an 8-hour daily minimum applies for on-site services.
- Services to be performed in this engagement assume the execution of outcome-based work with defined deliverables, and as such, require Presidio resources' time to be scheduled to deliver said outcomes and deliverables. As part of the engagement kickoff ("Client Kickoff" or "CKO"), Presidio will present Client with the "Resource Schedule" for the engagement, outlining expectations (by resource and by month) for the consumption of billable hours.
- For ad-hoc/unscheduled work, Presidio will engage on a best-effort basis but cannot commit to defined response times. Billable hours associated with unscheduled work will be applied to the monthly minimum billable hours per resource as described below.
- To pause work or delay the project, Client must give Presidio written notice of pause or delay no less than two weeks before the requested date of pause or delay. If Client does not give adequate notice of pause or delay under this section, Client is responsible for the monthly minimum billable hours per resource as described below. A pause or delay in the project may result in the loss of allocated resources, temporarily or indefinitely, depending on resource availability when work resumes. Client can retain the originally allocated resource(s) and/or team by paying the hourly bill rate of eight hours per day for each resource retained each business day

until work resumes or the project begins. Unless the delay is due to act of God or conflicting state or federal law.

6.2. Client Responsibilities

The following Items are listed as the Client's responsibilities for this engagement. Client is responsible for performing the Items and activities listed in this section or arranging for them to be performed by a third party if appropriate.

- Provide a primary contact and a secondary contact when the primary is unavailable with the authority and the responsibility of issue resolution and the identification, coordination, and scheduling of Client personnel to participate in the implementation of the SOW. Without a single Client point of contact, a Project Change Request may be required for the additional effort by Presidio.
- Be responsible for having in place active manufacturer support contracts on all devices that are the subject of this SOW.
- If on-site services are required and authorized, Client will:
 - Provide all required physical access to Client's facility (identification badge, escort, parking decal, etc.), as required by Client's policies.
 - Validate the site readiness prior to the dispatch of Presidio personnel to perform the services being contracted.
- If system access is required:
 - Provide all required functional access (passwords, IP address information, etc.), as required for Presidio to complete the tasks.
 - Provide high-speed access to the Internet for verification of device support requirements and for software downloads.
 - Provide VPN remote access for troubleshooting and configurations related to the project, as necessary. Utilizing Webex, Microsoft Teams, or other similar screen sharing/meeting technology as opposed to independent VPN access or virtual desktop is out of scope. If there is no other option, Presidio will issue a Change Request to add additional funds to the project to accommodate the increase in time and effort.
- Provide required and requested documentation or information needed for the project within two (2) business days unless otherwise agreed to by all parties.
- Provide Presidio with access to their systems, appropriate processes, and personnel as reasonably necessary for Presidio to fulfill its obligations.
- Where appropriate, knowledgeable resources will be made available for functional questions and making business decisions. It is also expected that Client staff will participate throughout the implementation.
- Participate in all working sessions as required to ensure the success and efficacy of the services rendered.
- Provide RJ-21 amphenol & patch panels for analog devices run back to the IDFs wherein the VG420-144FXS gateways will be located.
- Place all phones.
- Install all hardware.

- Assist with on-site testing of devices & inbound/outbound calls.

7. PRICING

Services will be provided on a Time, Materials, and Expenses basis. The estimated Time and Materials price for this engagement, which includes labor, estimated expenses, and travel labor, is as follows: **\$165,275**. Client Purchase Order should match this amount, plus any Fixed Fee amounts shown in this pricing section.

Resource Name	Hours	OT Hours	Sell Rate	OT Rate	Total Sell Price
Senior Contact Center Engineer	176	0	\$250.00	\$375.00	\$44,000.00
Collab Eng - Sr.	393	4	\$225.00	\$337.50	\$67,275.00
Contact Center Project Manager	140	0	\$225.00	\$337.50	\$31,500.00
				Total	\$165,275.00

- Presidio provides cost estimates that are not guaranteed and do not serve as the basis for a Fixed Price or a Not-to-exceed transaction.
- Client will receive invoices upon completion of the project and/or at the end of each calendar month, regardless of engagement status, for the actual hours worked, subject to applicable minimums and expenses.
- It is possible that additional hours may be required to complete the outlined scoped work.
- This is an estimate and not a final price.

7.1. Additional Expenses

There are no anticipated travel or incidental expenses to be incurred by Presidio in association with the execution of this Statement of Work, and therefore, no expenses will be billed to Client.

8. APPROVAL SIGNOFF

The use of signatures on this Statement of Work ensures agreement on project objectives and the work to be performed by Presidio.

Presidio's signature signifies our commitment to proceed with the project as described in this document. Please review this document thoroughly, as it will be the basis for all work performed by Presidio on this project.

This Statement of Work is valid for a period of 60 days from the date that this Statement of Work is provided by Presidio to Client unless otherwise agreed to by both parties.

Kern Medical Center

June 18, 2025

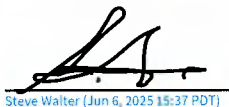
Signature

Date

Phil McLaughlin, Chairman, Board of Governors

Printed Name

Presidio


Steve Walter (Jun 6, 2025 15:37 PDT)

06/06/2025

Signature

Date

Steve Walter

Manager of Professional Services

Printed Name & Title

APPROVED AS TO FORM:
Legal Services Department

By Shannon Hochstein
Kern County Hospital Authority



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

June 18, 2025

Subject: Kern County Hospital Authority Chief Financial Officer Report – April 2025

Recommended Action: Receive and File

Summary:

Kern Medical Operations:

Kern Medical key performance indicators:

- Operating gain of \$297,101 for April is \$271,609 more than the April budget of \$25,492 and \$35,711 more than the \$261,390 average over the last three months
- EBIDA of \$1,950,894 for April is \$297,806 more than the April budget of \$1,653,088 and \$170,974 more than the \$1,779,920 average over the last three months
- Average Daily Census of 155 for April is 13 less than the April budget of 163 and 24 less than the 179 average over the last three months
- Admissions of 776 for April are 40 less than the April budget of 816 and 36 less than the 812 average over the last three months
- Total Surgeries of 508 for April are 6 less than the April budget of 514 and 34 less than the 542 average over the last three months
- Clinic Visits of 22,790 for April are 5,799 more than the April budget of 16,991 and 1,394 more than the 21,396 average over the last three months

The following items have budget variances for the month of April 2025:

Patient Revenue:

Gross patient revenue has an 17% favorable budget variance for the month and a 7% favorable budget variance on a year-to-date basis. The variance is mainly due to a 3.5% charge description master (CDM) price increase that became effective on July 1, 2024 and to a lesser extent, patient volumes. Kern Medical expects strong patient census levels and consistently high gross patient revenue for FY 2025.

Indigent Funding Revenue:

Indigent funding has a favorable budget variance for the month and on a year-to-date basis. Additional revenue has been recognized based on favorable changes in estimates for the Enhanced Payment Program (EPP) from increased payments by the California Department of Health Care Services (DHCS) recognizing cost increases and certain structural payment deficits for the state's designated public healthcare systems. The EPP program received an increase for calendar year (CY) 2024.

Other Operating Revenue:

Other operating revenue is under budget for the month due to a less than average amount of Proposition 56 funding received for the month. On a year-to-date basis, items such as medical education funding, other grant funding, and Proposition 56 funding are received quarterly or otherwise periodically. Therefore, actual month-to-date and year-to-date revenue compared to the budget fluctuates throughout the year.

Other Non-Operating Revenue:

Other non-operating revenue is under budget for the month and year-to-date. Revenue received for miscellaneous items such as providing out-of-network physician services is not received consistently throughout the year. Therefore, the actual dollar amount recorded for this line item may fluctuate versus budget on a monthly basis but should align with budget on a year-to-date basis by year-end.

Salaries Expense:

Salaries expense is 2% over budget for the month and 3% over budget on a year-to-date basis.

Benefits Expense:

Benefits expense is 6% over budget for the month and 2% over budget on a year-to-date basis.

Nurse Registry Expense:

Nurse registry expense is 16% under budget for the month and 4% under budget on a year-to-date basis. The use of nurses under contract was reduced with the intent to hire more nurses as Kern Medical employees.

Medical Fees:

Medical fees are 35% over budget for the month and 12% over budget on a year-to-date basis because of higher-than-average monthly fees paid to the Acute Care Surgery Medical Group, the LocumTenens.com physician staffing agency, and various physicians. The Acute Care Surgery Medical Group has been engaged to support trauma services at Kern Medical since November 2018.

Other Professional Fees:

Other professional fees have an unfavorable budget variance for the month and on a year-to-date basis due to higher-than-average legal fees, physician recruiting expenses, and fees for various other consultants.

Supplies Expense:

Supplies expense is over budget for the month and year-to-date primarily due to higher-than-average patient volumes and corresponding increases in medical supplies and pharmaceuticals expenses.

Purchased Services:

Purchased services are over budget for the month and on a year-to-date basis because of higher-than-expected software maintenance costs, ambulance fees, out of network patient services expenses, Health Advocates patient financial counseling fees, and fees paid to Signature Performance, Inc. Signature Performance consultants are engaged to support patient health record coding.

Other Expenses:

Other expenses are over budget for the month and on a year-to-date basis due to higher-than-average advertising costs, electricity costs, and repairs and maintenance expenses.

Interest Expense:

Interest expense is over budget month-to-date and year-to-date due to higher than anticipated pension obligation bond (POB) 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.

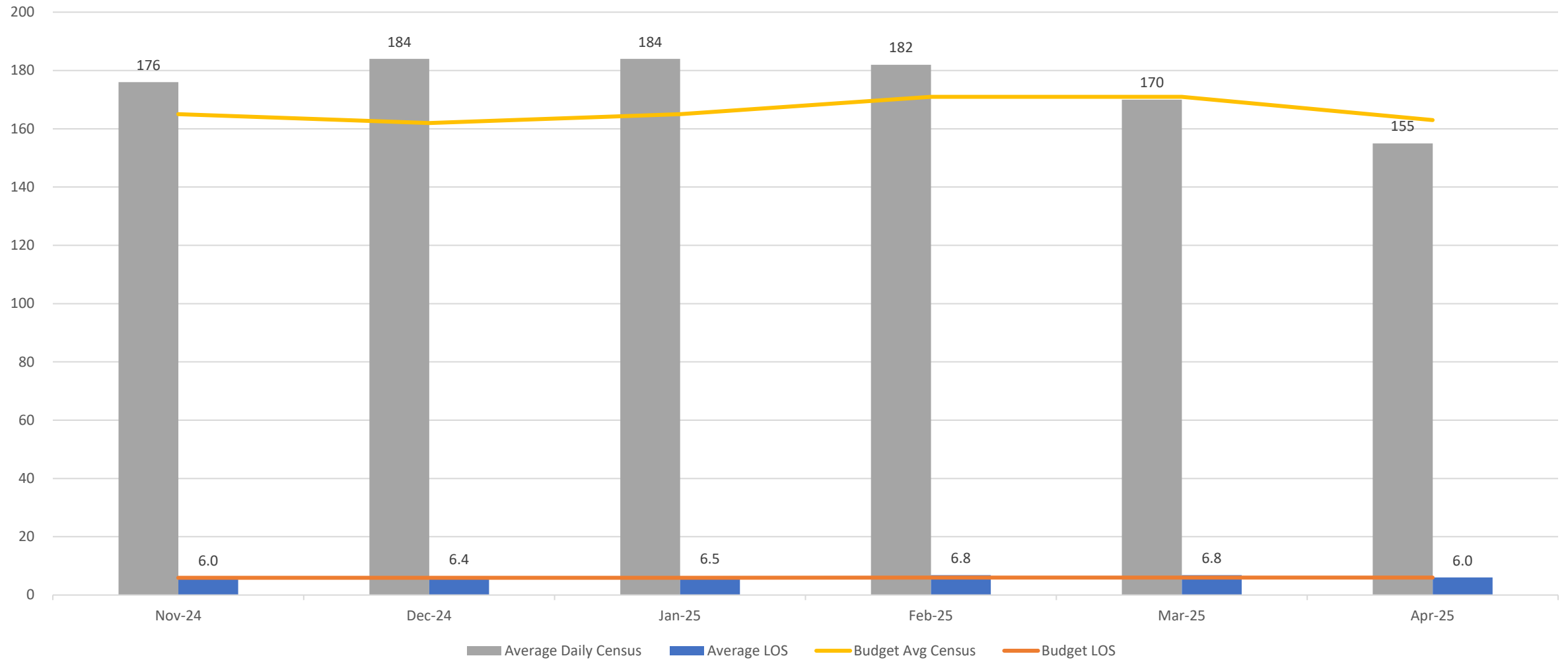
Depreciation and Amortization Expense:

Depreciation and amortization expenses are under budget for the month and on a year-to-date basis. The variance is due to the closure of purchase orders for equipment during previous months and the subsequent reduction in the depreciation accrual.

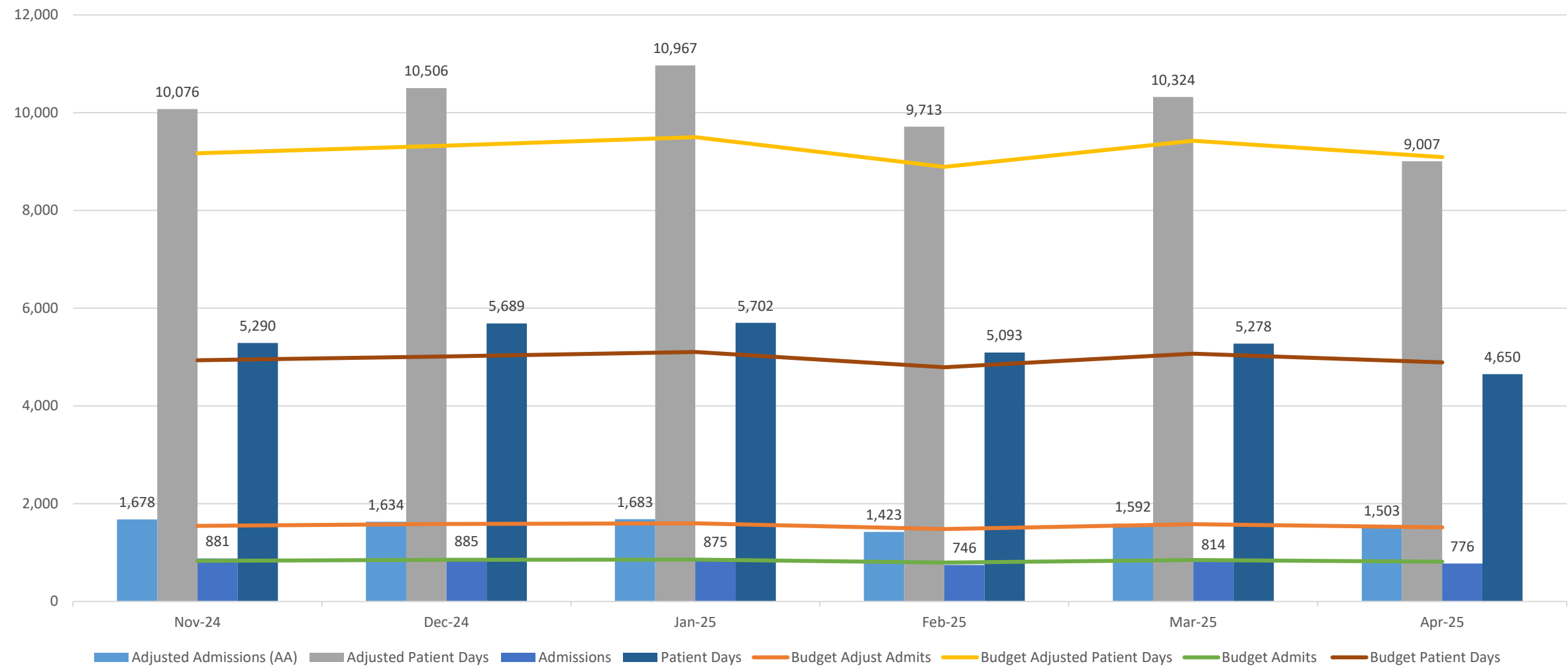


Board of Governors' Report
Kern Medical – April 2025

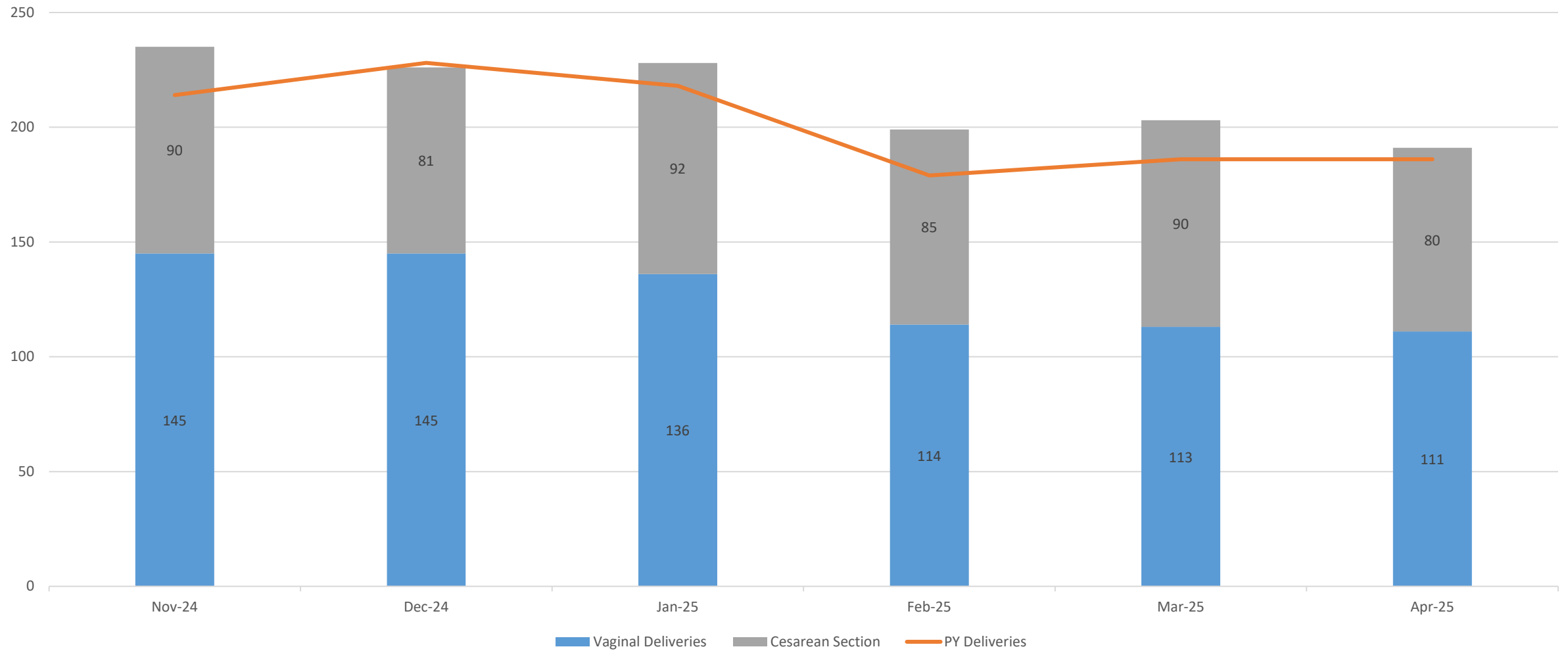
Census & ALOS



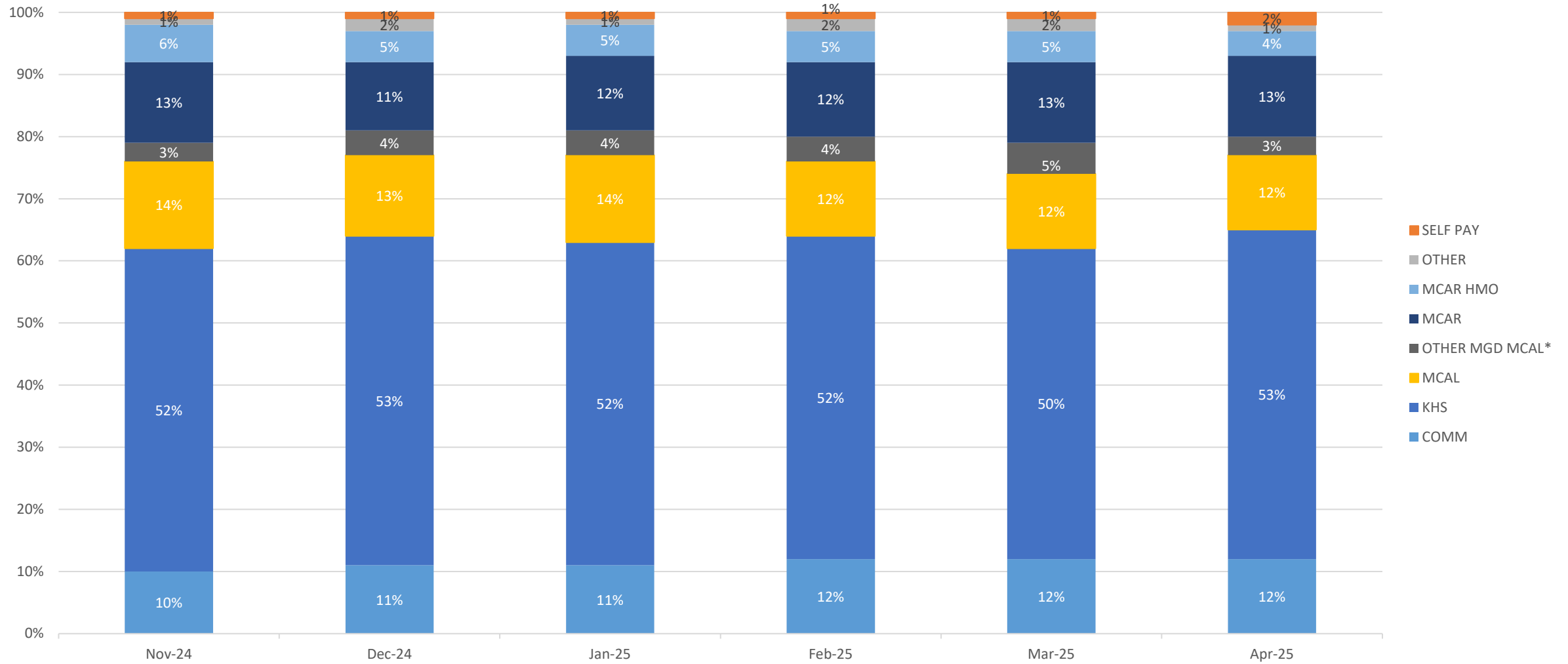
Hospital Volumes



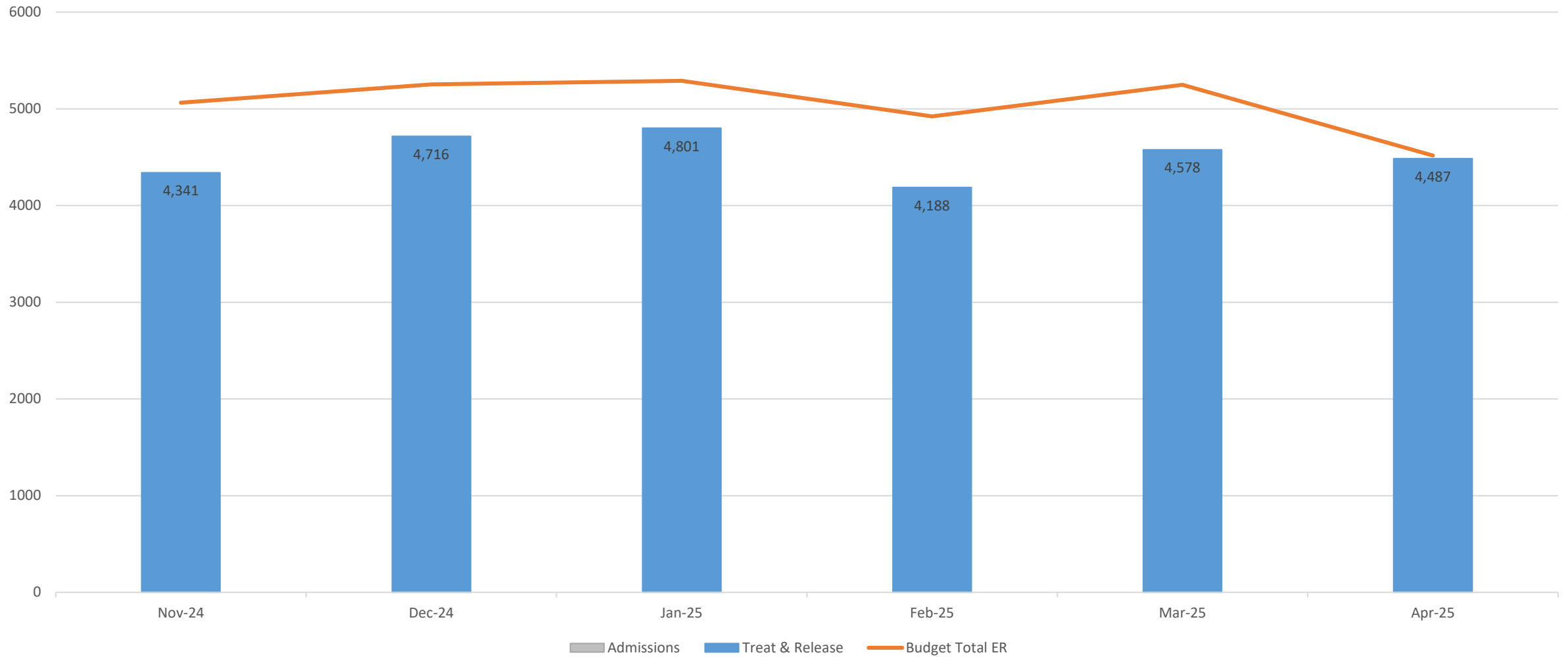
Deliveries



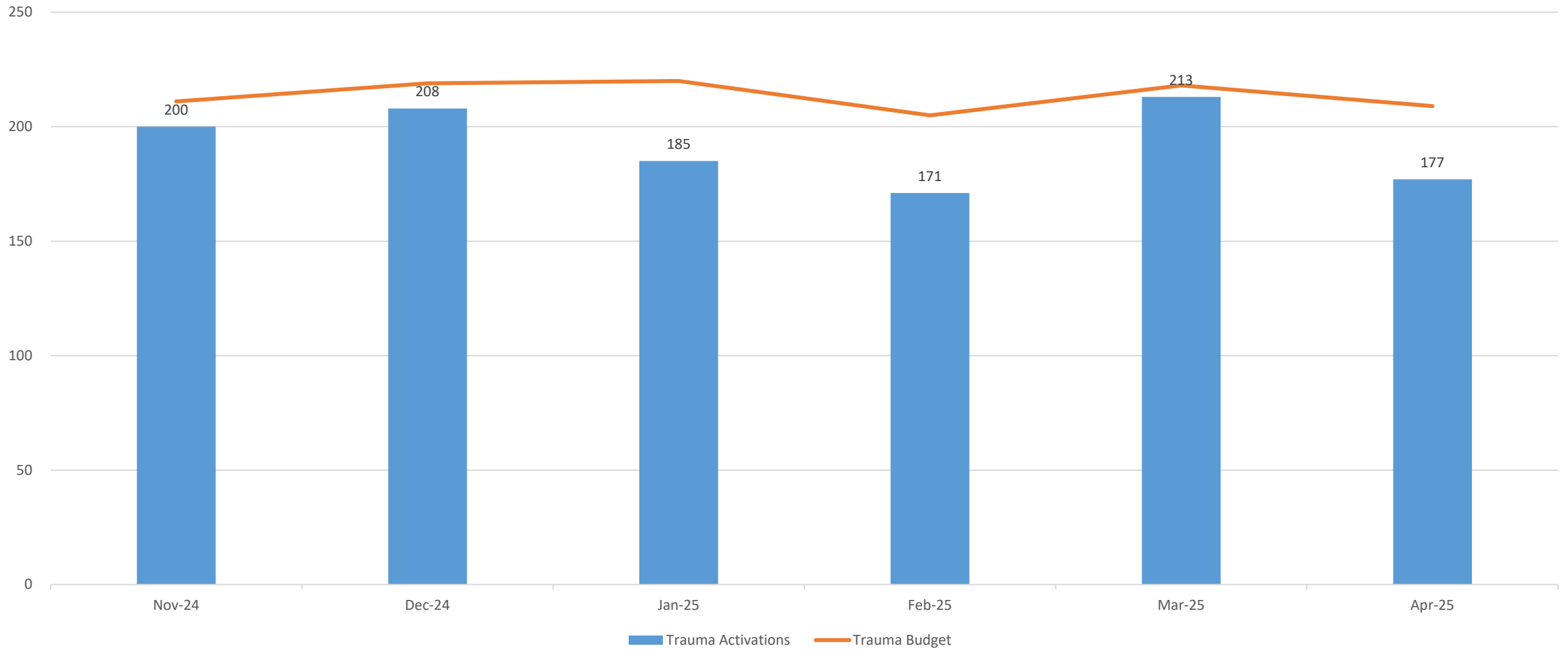
PAYER MIX



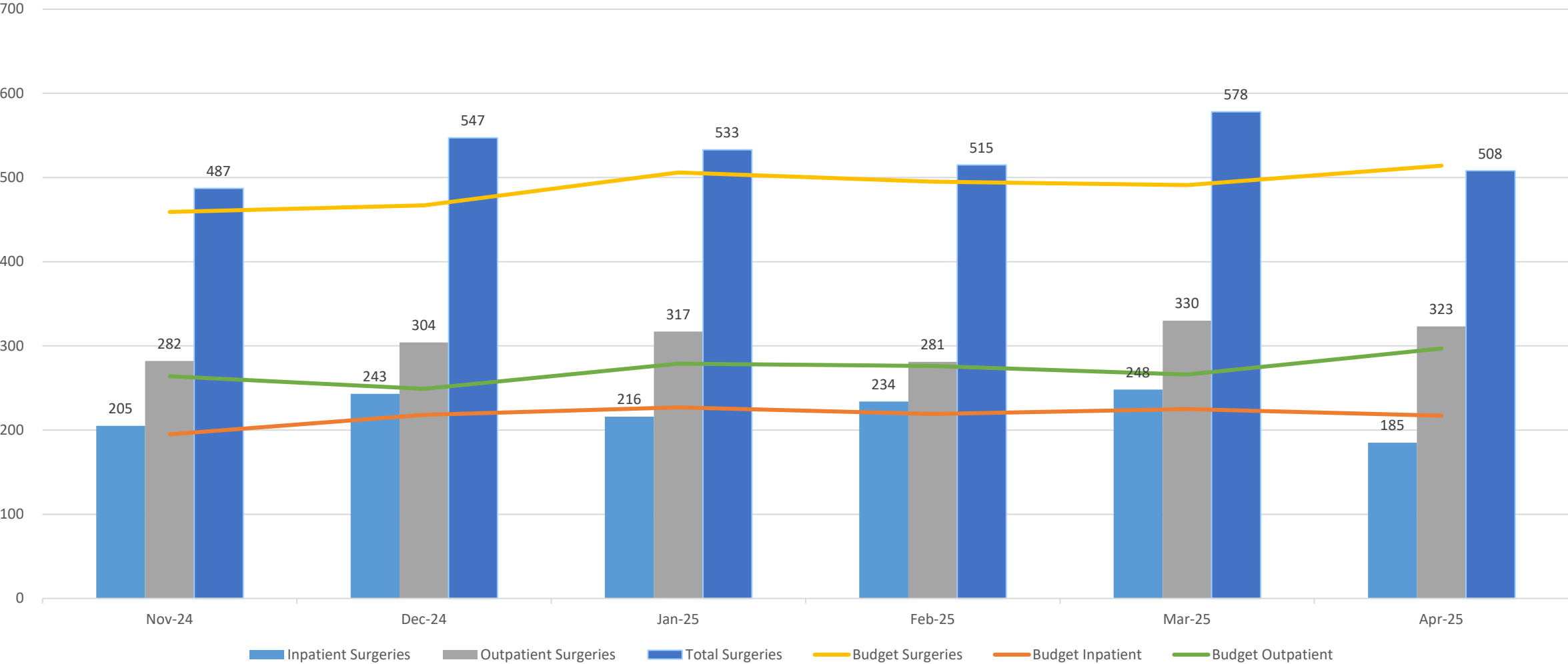
Emergency Room Volume



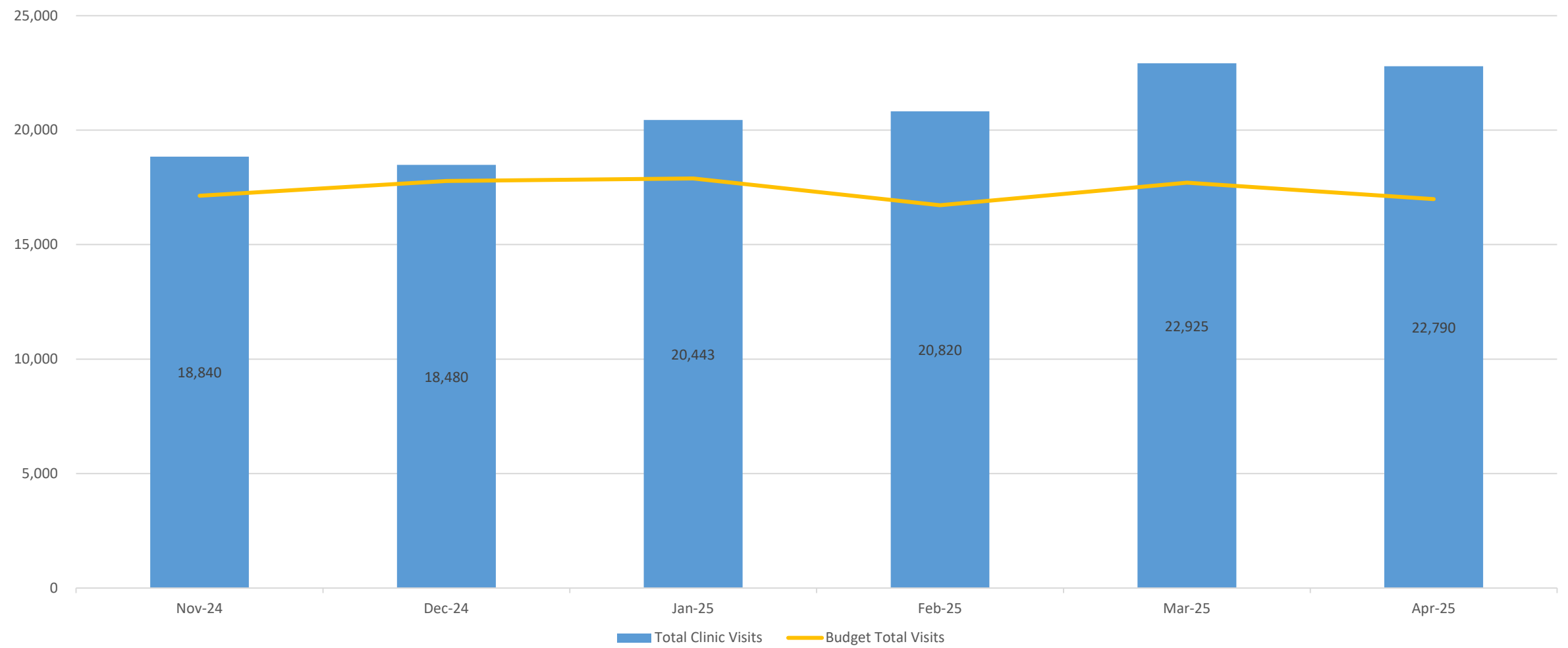
Trauma Activations



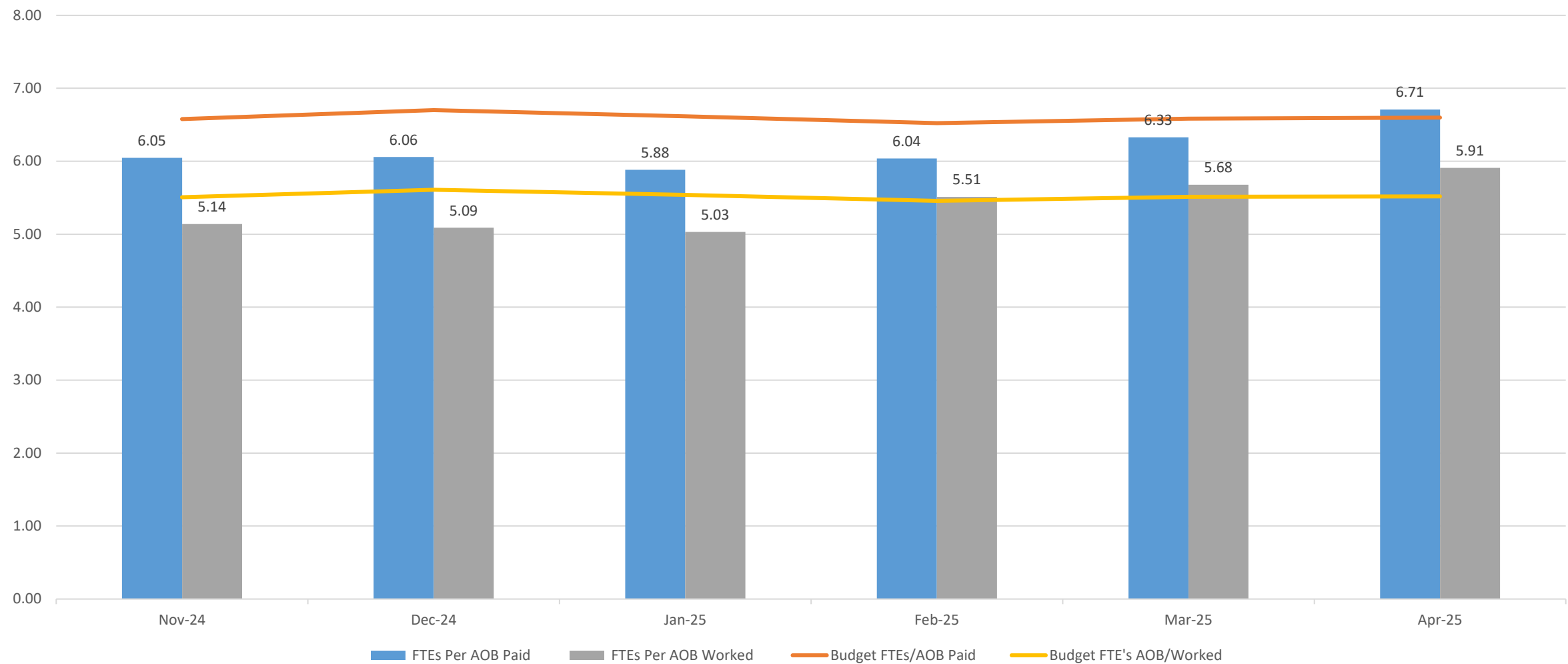
Surgical Volume



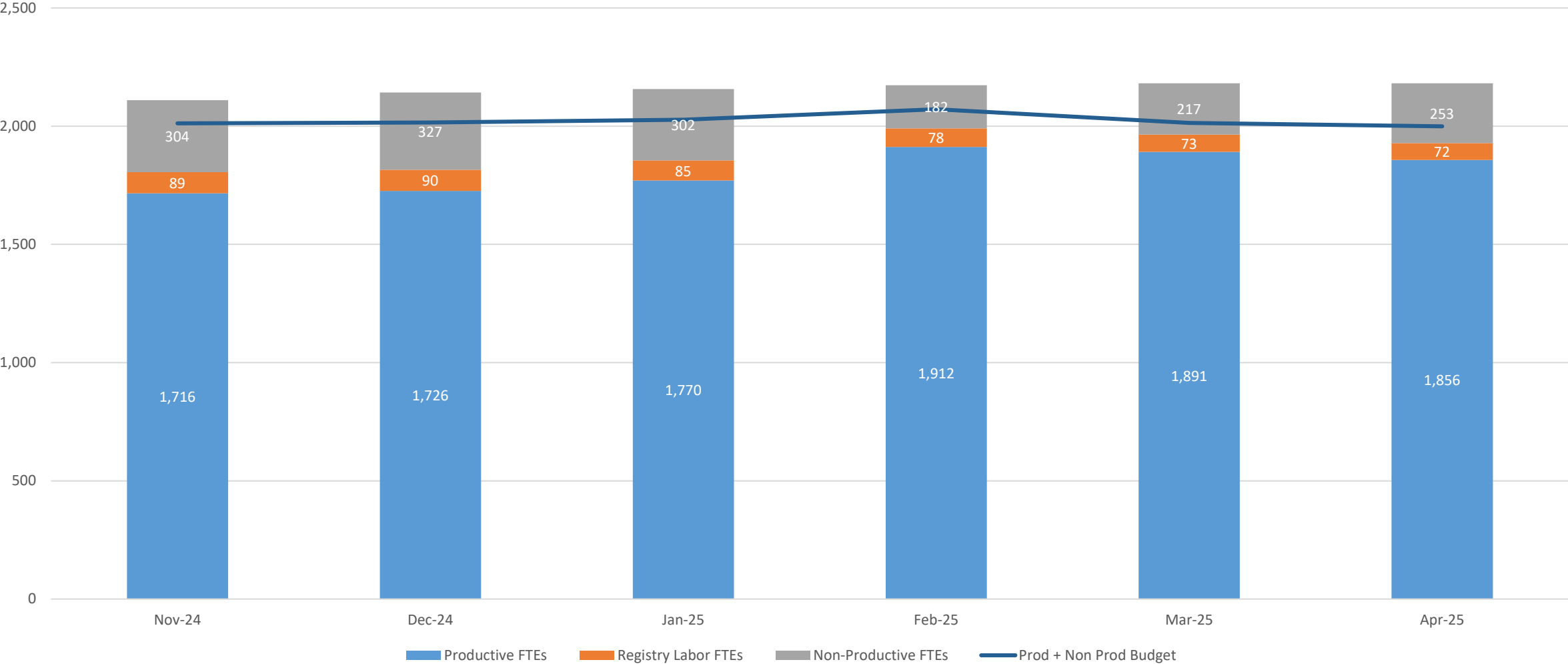
Clinic Visits

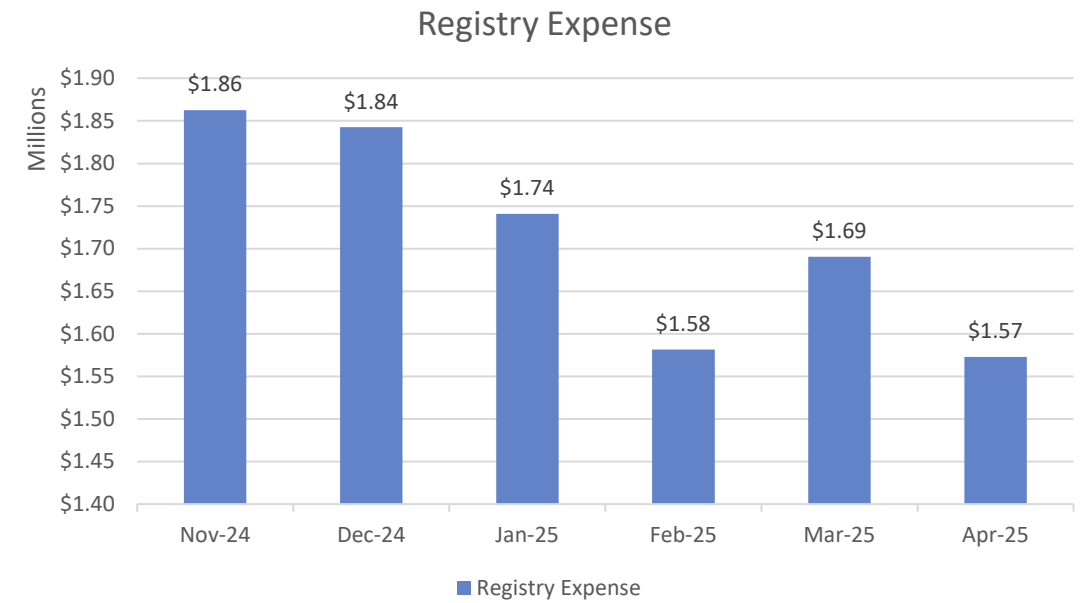
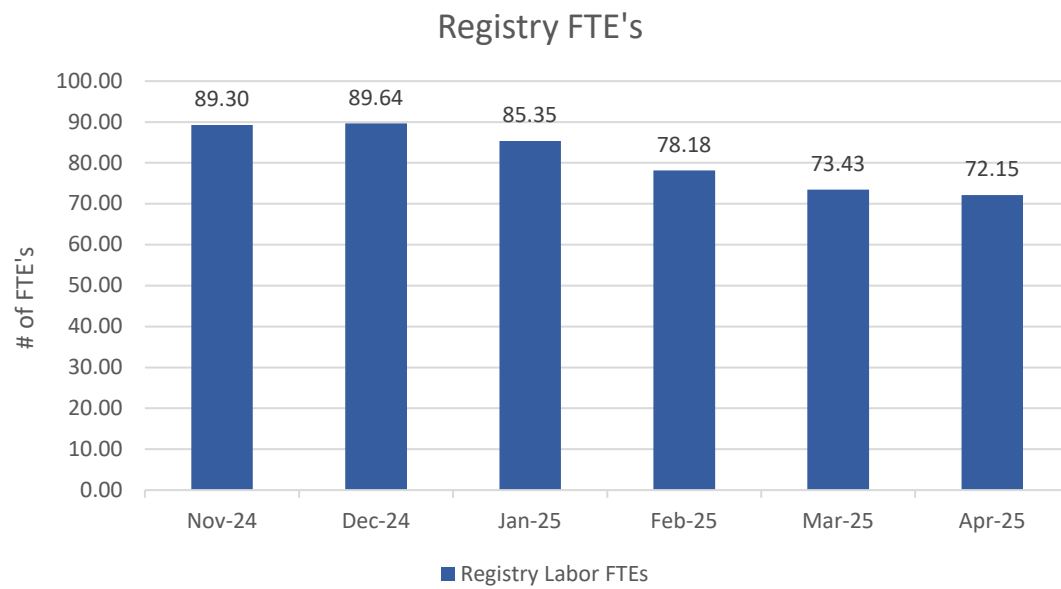


Labor Metrics

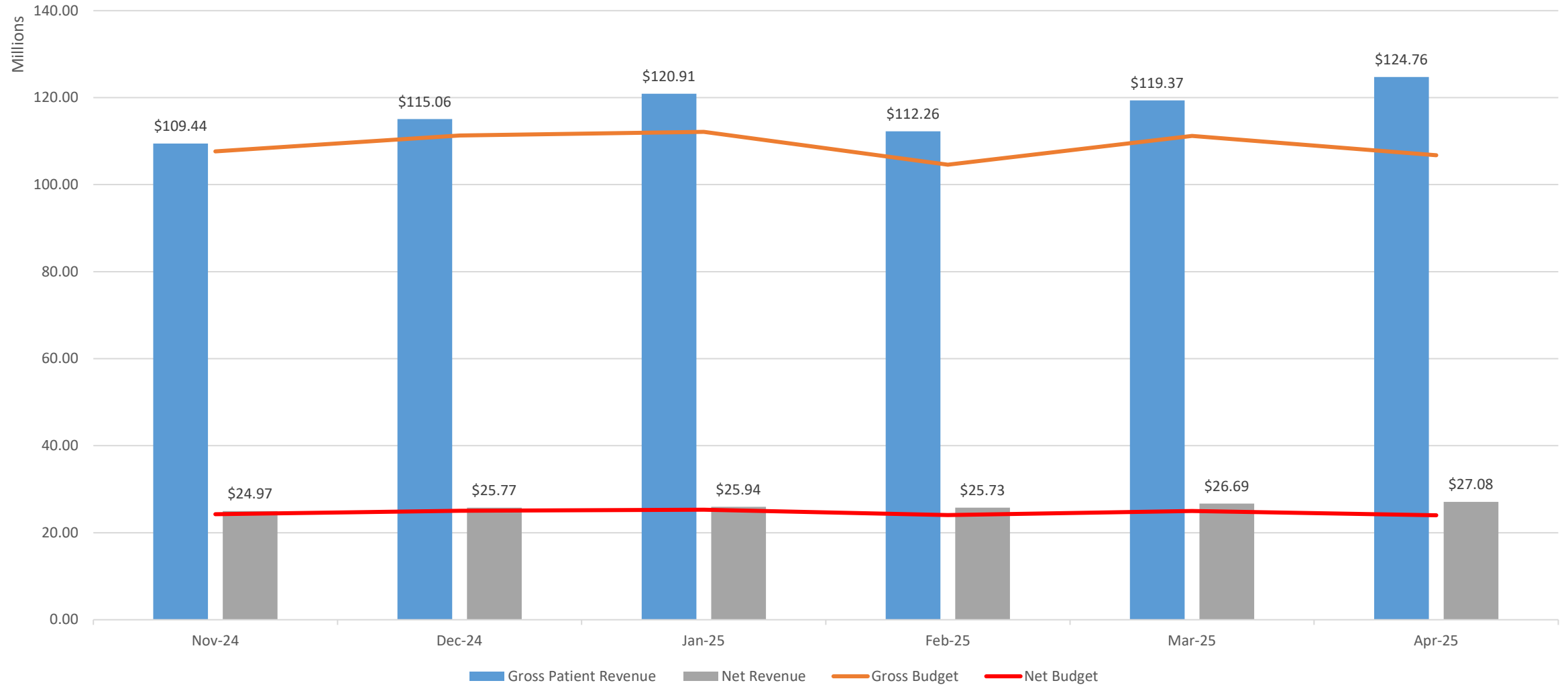


Productivity

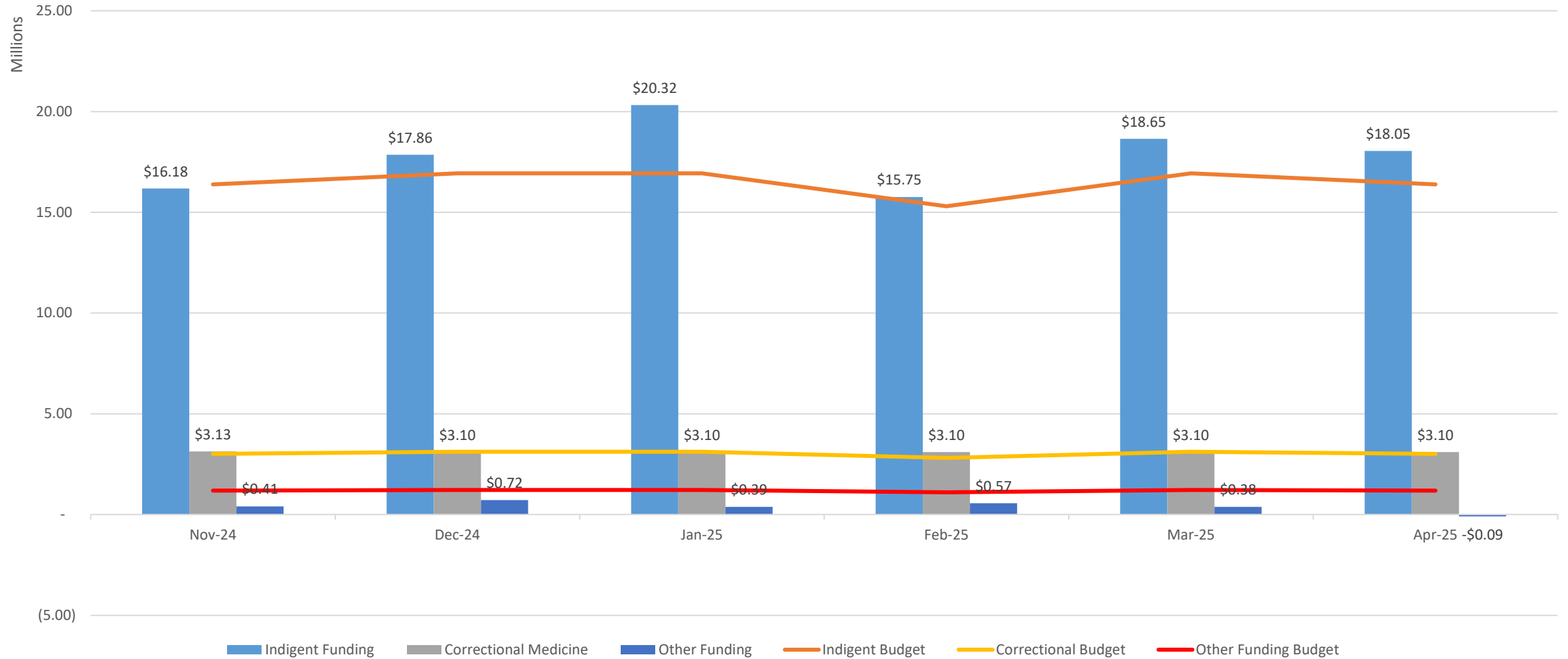




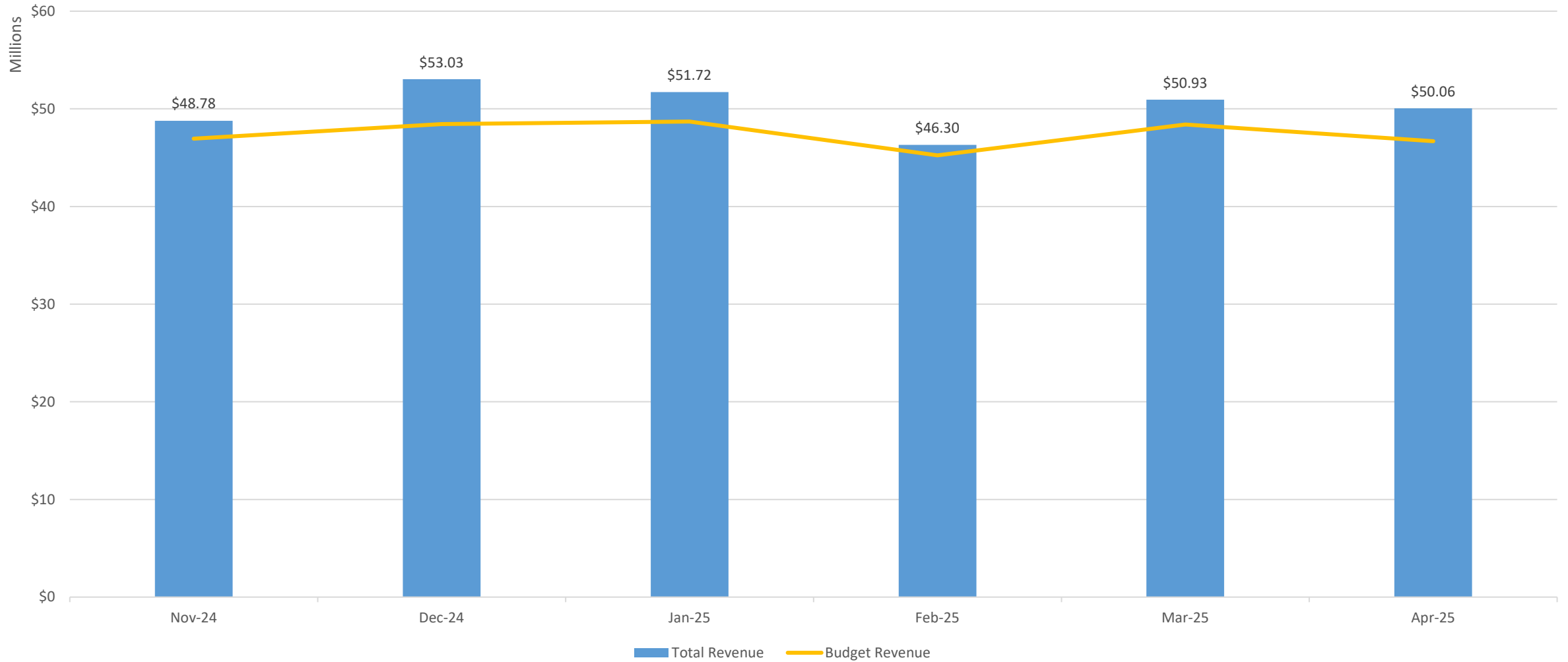
Patient Revenue



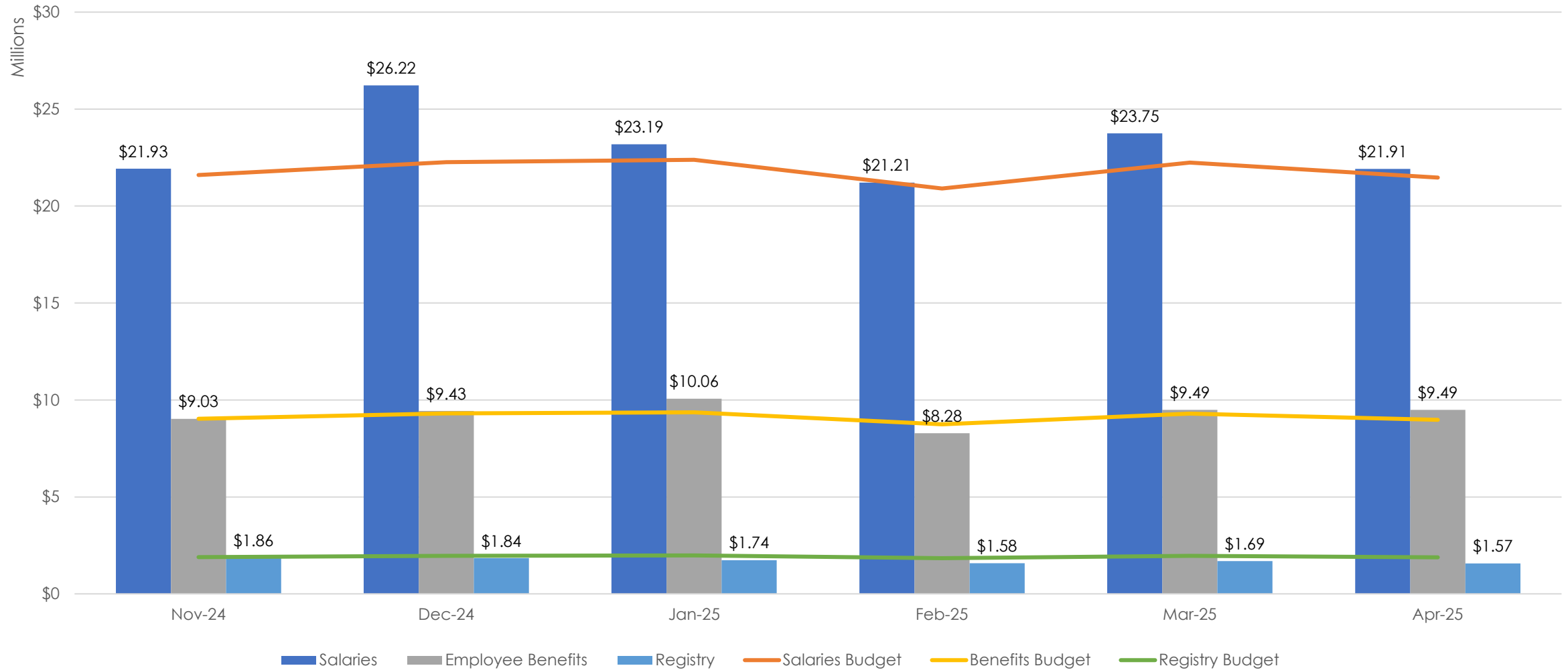
Indigent & Correctional Revenue



Total Revenue



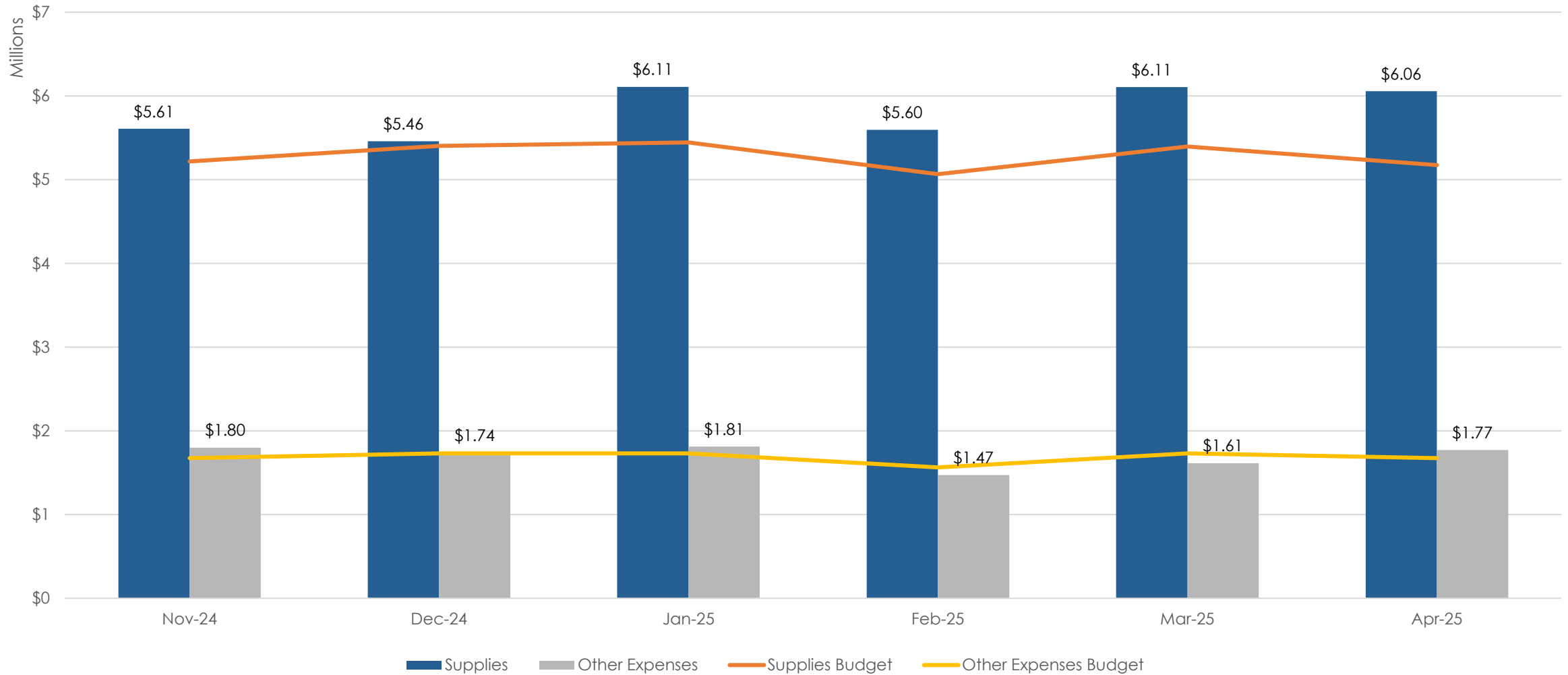
Expenses



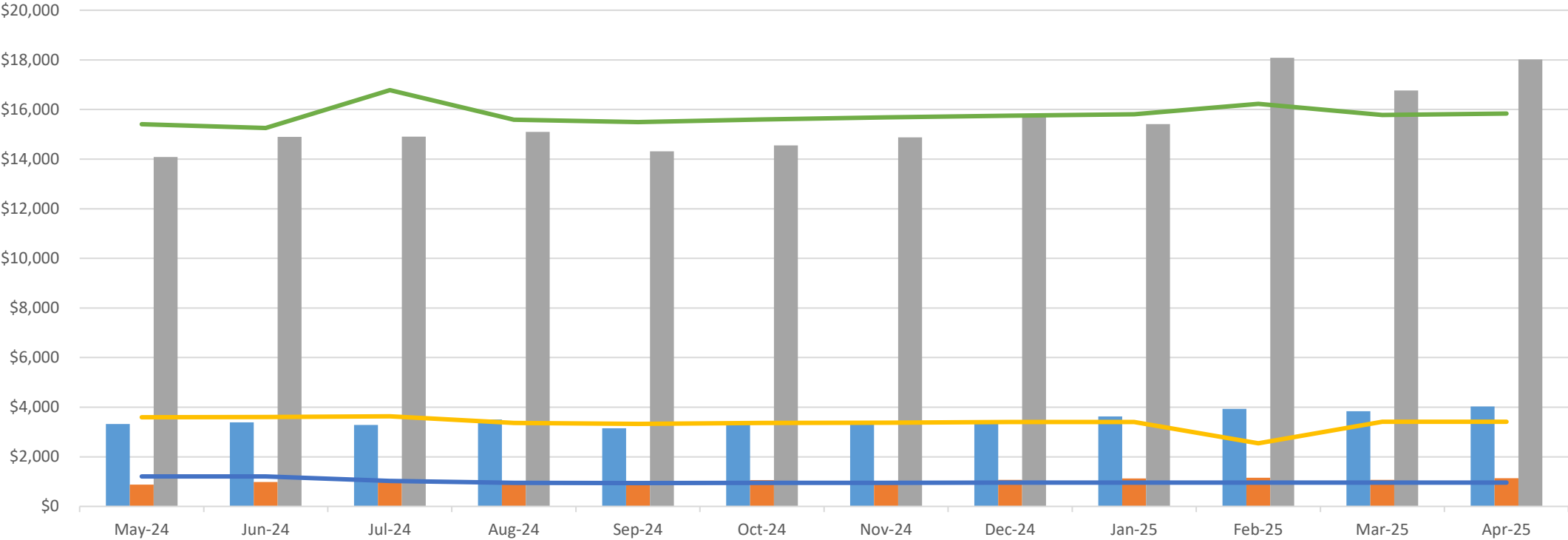
Expenses



Expenses

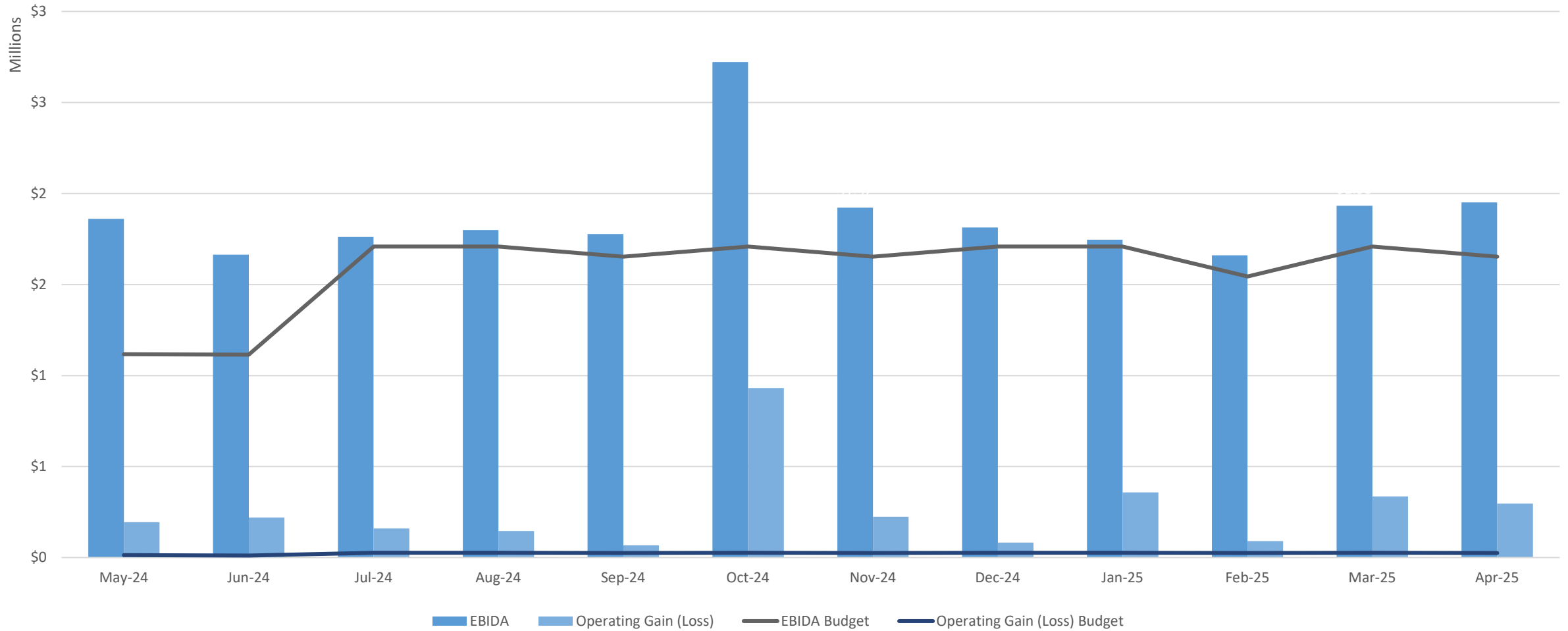


Operating Metrics

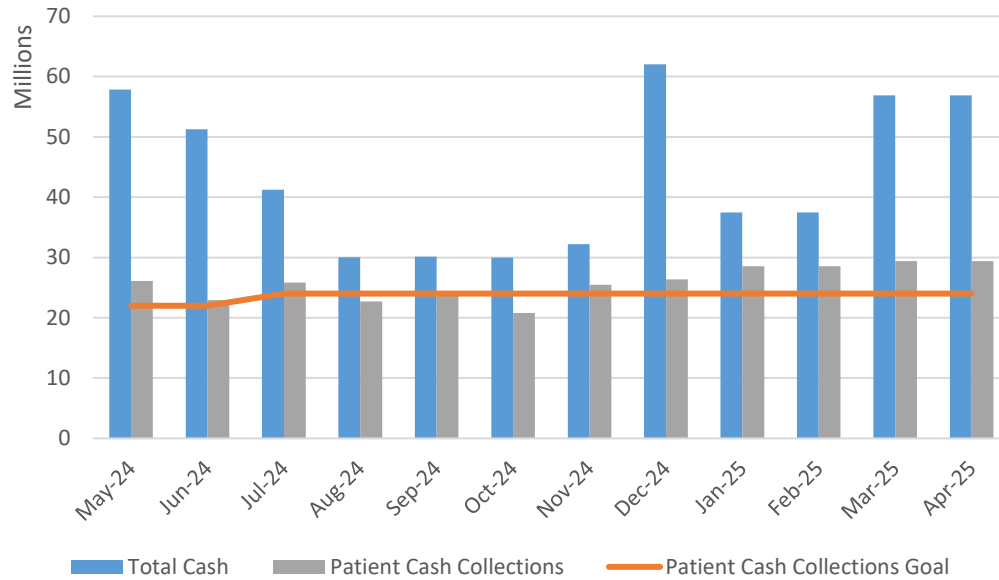


	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Supply Expense per AA	\$3,327	\$3,394	\$3,284	\$3,506	\$3,152	\$3,323	\$3,342	\$3,339	\$3,629	\$3,933	\$3,835	\$4,028
Pharm Cost per AA	\$885	\$986	\$1,006	\$982	\$1,023	\$1,057	\$980	\$1,070	\$1,125	\$1,161	\$1,070	\$1,142
Net Revenue Per AA	\$14,086	\$14,898	\$14,906	\$15,102	\$14,315	\$14,556	\$14,878	\$15,768	\$15,411	\$18,087	\$16,764	\$18,019
Budget Supp/AA	\$3,596	\$3,608	\$3,630	\$3,369	\$3,331	\$3,369	\$3,371	\$3,401	\$3,407	\$2,546	\$3,410	\$3,413
Budget Pharm/AA	\$1,211	\$1,210	\$1,027	\$953	\$942	\$953	\$953	\$962	\$964	\$966	\$965	\$965
Budget Net Rev/AA	\$15,407	\$15,252	\$16,780	\$15,593	\$15,495	\$15,601	\$15,681	\$15,748	\$15,811	\$16,229	\$15,781	\$15,841

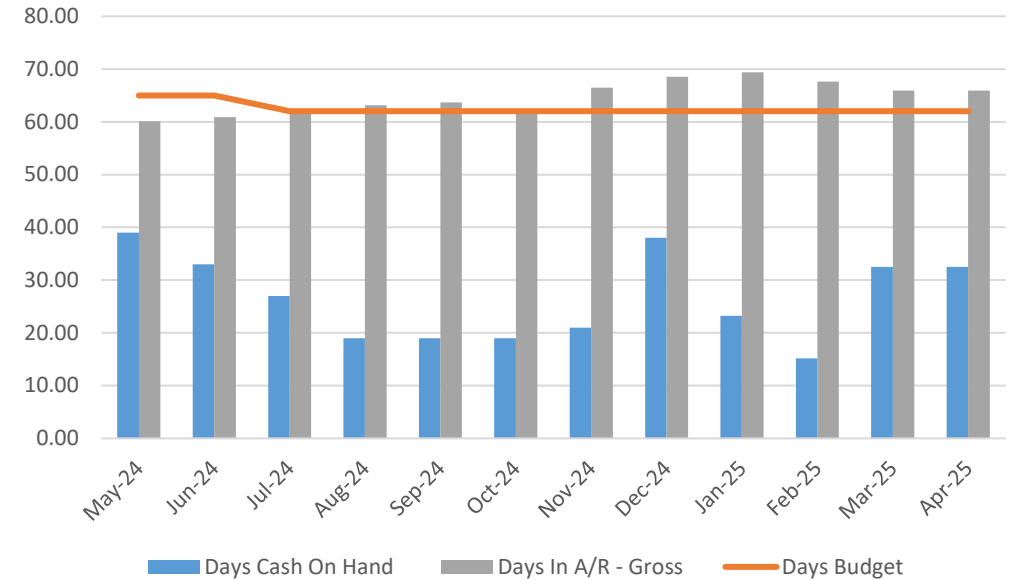
EBIDA Rolling Year



Cash Rolling Year



AR Days Rolling Year



KERN MEDICAL
3-Month Trend Analysis: Revenues & Expenses
April 30, 2025

				BUDGET	VARIANCE	PY
	FEBRUARY	MARCH	APRIL	APRIL	POS (NEG)	APRIL
Gross Patient Revenue	\$ 112,256,882	\$ 119,368,535	\$ 124,761,344	\$ 106,750,695	17%	\$ 107,205,718
Contractual Deductions	(86,523,341)	(92,676,383)	(97,676,497)	(82,740,041)	18%	(84,635,669)
Net Revenue	25,733,541	26,692,152	27,084,847	24,010,654	13%	22,570,049
Indigent Funding	15,754,822	18,647,588	18,046,053	16,389,194	10%	12,481,016
Correctional Medicine	3,097,714	3,097,714	3,097,714	3,014,183	3%	2,847,714
County Contribution	469,110	285,211	(188,028)	281,304	(167%)	285,677
Incentive Funding	96,574	98,896	93,468	904,110	(90%)	0
Net Patient Revenue	45,151,760	48,821,561	48,134,054	44,599,444	8%	38,184,455
Other Operating Revenue	1,137,542	2,092,920	1,909,068	2,064,680	(8%)	2,193,964
Other Non-Operating Revenue	11,876	17,265	14,601	18,384	(21%)	11,076
Total Revenue	46,301,179	50,931,746	50,057,723	46,682,508	7%	40,389,495
Expenses						
Salaries	21,211,902	23,748,333	21,910,512	21,469,040	2%	19,429,806
Employee Benefits	8,282,548	9,490,262	9,489,364	8,973,787	6%	(1,910,275)
Registry	1,581,610	1,690,326	1,573,046	1,881,144	(16%)	2,681,965
Medical Fees	2,615,078	2,403,905	2,923,789	2,166,847	35%	2,570,621
Other Professional Fees	1,398,802	1,434,955	1,438,055	1,154,228	25%	1,112,762
Supplies	5,595,967	6,106,025	6,055,208	5,173,310	17%	5,099,778
Purchased Services	2,481,956	2,510,783	2,945,422	2,536,504	16%	2,901,929
Other Expenses	1,472,430	1,614,833	1,771,433	1,674,561	6%	2,223,047
Operating Expenses	44,640,293	48,999,423	48,106,829	45,029,420	7%	34,109,633
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 1,660,886	\$ 1,932,324	\$ 1,950,894	\$ 1,653,088	18%	\$ 6,279,862
EBIDA Margin	4%	4%	4%	4%	10%	16%
Interest	313,612	339,993	302,371	251,271	20%	234,220
Depreciation	670,818	670,467	765,526	714,280	7%	644,627
Amortization	585,896	585,896	585,896	662,045	(12%)	689,474
Total Expenses	46,210,619	50,595,778	49,760,622	46,657,016	7%	35,677,954
Operating Gain (Loss)	\$ 90,559	\$ 335,968	\$ 297,101	\$ 25,492	1,065%	\$ 4,711,542
Operating Margin	0.20%	0.66%	0.59%	0.05%	986.9%	11.7%

KERN MEDICAL
Year to Date Analysis: Revenues & Expenses
April 30, 2025

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Gross Patient Revenue	\$ 1,170,901,499	\$ 1,094,183,262	7%	\$ 1,056,090,705	11%
Contractual Deductions	(916,061,968)	(847,532,507)	8%	(815,562,835)	12%
Net Revenue	254,839,531	246,650,755	3%	240,527,870	
Indigent Funding	182,521,976	166,077,161	10%	158,623,089	15%
Correctional Medicine	30,977,137	30,543,725	1%	28,477,137	9%
County Contribution	2,852,107	2,850,546	0%	2,852,575	(0.02%)
Incentive Funding	858,146	9,161,644	(91%)	0	0.0%
Net Patient Revenue	472,048,896	455,283,831	4%	430,480,671	10%
Other Operating Revenue	26,399,931	20,922,087	26%	18,979,046	39%
Other Non-Operating Revenue	130,524	186,293	(30%)	178,067	(27%)
Total Revenue	498,579,352	476,392,211	5%	449,637,784	11%
Expenses					
Salaries	225,133,791	219,085,185	2.8%	199,137,510	13%
Employee Benefits	93,050,305	91,583,150	1.6%	73,236,327	27%
Registry	18,521,572	19,304,301	(4%)	25,774,067	(28%)
Medical Fees	24,871,830	22,222,013	12%	22,557,302	10%
Other Professional Fees	14,149,015	11,696,172	21%	14,122,900	0.2%
Supplies	57,130,695	53,074,665	8%	50,234,845	14%
Purchased Services	28,426,693	25,703,239	11%	26,047,514	9%
Other Expenses	17,934,076	16,968,884	6%	17,784,706	1%
Operating Expenses	479,217,978	459,637,610	4%	428,895,172	12%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 19,361,374	\$ 16,754,601	16%	\$ 20,742,612	(7%)
EBIDA Margin	4%	4%	10%	5%	(16%)
Interest	3,483,493	2,546,208	37%	2,527,063	38%
Depreciation	6,845,393	7,238,037	(5%)	7,031,179	(3%)
Amortization	6,067,752	6,708,724	(10%)	5,717,771	6%
Total Expenses	495,614,616	476,130,578	4%	444,171,184	12%
Operating Gain (Loss)	\$ 2,964,736	\$ 261,633	1,033%	\$ 5,466,600	(46%)
Operating Margin	0.6%	0.1%	982.7%	1.2%	(51%)

KERN MEDICAL BALANCE SHEET

	APRIL 2025	APRIL 2024
ASSETS:		
<i>Total Cash</i>	\$ 64,366,442	\$ 118,283,174
Patient Receivables Subtotal	297,279,855	231,688,774
Contractual Subtotal	(256,451,015)	(180,450,902)
<i>Net Patient Receivable</i>	40,828,840	51,237,872
Total Indigent Receivable	216,882,232	168,517,736
Total Other Receivable	7,996,717	13,346,568
Total Prepaid Expenses	8,097,500	7,210,158
Total Inventory	4,840,457	5,644,427
<i>Total Current Assets</i>	343,012,188	364,239,935
Deferred Outflows of Resources	124,532,718	112,536,013
Total Land, Equipment, Buildings and Intangibles	271,731,955	267,848,075
Total Construction in Progress	15,006,472	8,685,629
<i>Total Property, Plant & Equipment</i>	286,738,427	276,533,704
Total Accumulated Depr & Amortization	(180,897,916)	(167,217,556)
<i>Net Property, Plant, and Equipment</i>	105,840,511	109,316,148
<i>Total Long Term Assets</i>	124,532,718	112,536,013
<i>Total Assets</i>	\$ 573,385,417	\$ 586,092,095

KERN MEDICAL BALANCE SHEET

	APRIL 2025	APRIL 2024
LIABILITIES & EQUITY:		
Total Accounts Payable	\$ 13,635,375	\$ 9,144,330
Total Accrued Compensation	26,140,831	25,679,326
Total Due Government Agencies	1,354,014	3,663,959
Total Other Accrued Liabilities	31,859,611	53,612,466
<i>Total Current Liabilities</i>	72,989,831	92,100,081
Unfunded Pension Liability	344,447,058	345,399,109
Other Long-Term Liabilities	80,437,833	81,058,102
<i>Total Long-Term Liabilities</i>	424,884,891	426,457,211
<i>Total Liabilities</i>	497,874,723	518,557,292
<i>Total Net Position</i>	75,510,694	67,534,803
<i>Total Liabilities and Net Position</i>	\$ 573,385,417	\$ 586,092,095

**KERN MEDICAL
STATEMENT OF CASH FLOWS**

	Fiscal Year-to-Date April 2025	Fiscal Year-End June 2024	Fiscal Year-to-Date April 2024	Fiscal Year-End June 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for patient/current services	\$ 262,886,721	\$ 292,533,084	\$ 243,203,044	\$ 264,388,064
Cash received for other operations	242,580,169	233,602,712	233,643,859	236,708,950
Cash paid for salaries and benefits	(318,026,578)	(339,411,493)	(277,943,279)	(202,912,375)
Cash paid for services and supplies	(161,402,055)	(186,981,598)	(153,860,186)	(292,069,170)
Net cash (used in) provided by operating activities	26,038,257	(257,296)	45,043,438	6,115,469
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash (provided to) received from various County funds	-	-	-	2,070,094
Interest paid - pension obligation bond	-	420,331	-	(365,334)
Principal paid - pension obligation bond	-	(1,062,281)	-	(2,938,587)
Interest paid - line of credit	-	-	-	(262,368)
Line of credit payment	-	-	20,000,000	-
Net cash provided by (used in) noncapital financing activities	-	(641,950)	20,000,000	(1,496,195)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	(8,905,050)	(18,896,864)	(17,571,703)	(12,141,601)
Payments on right-of-usage lease liability	(2,427,973)	3,896,089	4,356,675	(3,034,901)
Interest paid - right-of-usage lease liability	(7,001)	31,211	32,676	
Payments on SBITA liability	(633,661)	(752,150)	(501,433)	(782,410)
Interest paid - SBITA	(488)	2,013	2,217	-
Net cash used by capital and related financing activities	(11,974,173)	(15,719,700)	(13,681,568)	(15,958,912)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on bank deposits and investments	-	-	-	181,109
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	14,064,084	(16,618,946)	51,361,870	(11,158,529)
CASH AND CASH EQUIVALENTS, beginning of year	50,302,358	66,921,303	66,921,303	78,079,832
CASH AND CASH EQUIVALENTS, year-to-date	<u>\$ 64,366,442</u>	<u>\$ 50,302,358</u>	<u>\$ 118,283,174</u>	<u>\$ 66,921,303</u>



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

June 18, 2025

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**

June 18, 2025

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?



Doc for a Day



Kern Medical's "Doc for a Day" is an immersive experience where guests have the opportunity to tour the hospital, meet with physicians and leadership, and gain firsthand insight into the impactful work being done across our departments.

Relay for Life



Kern Medical and Adventist Health teamed up once again to support the American Cancer Society's Relay for Life 2025. We were proud to have Dr. Trang, Kern Medical's Chief of Otolaryngology and Head and Neck Oncology, represent us on the physicians panel.

Fiesta in the Courtyard



Fiesta in the Courtyard brought staff together for a Cinco de Mayo celebration, featuring La Rosa Bars and support for the Employee Giving Campaign through pledges.

Stop the Bleed



Employees gathered in the courtyard for a hands-on Stop the Bleed demonstration, learning lifesaving skills to control bleeding in emergencies.

2025 Southern San Joaquin Valley Regional Research Forum



Kern Medical is proud to recognize our residents and medical students who contributed to the 2025 Southern San Joaquin Valley Regional Research Forum at Bakersfield College, which featured 109 accepted abstracts and 27 oral presentations. Congratulations to Dr. Kiranjit Rai for earning First Place, Targol Mehrazar for earning Second Place, and Jenessa Olson for earning Third Place.

Nurses Week



During Nurses Week, we celebrated our incredible nursing staff with gratitude and joy- including a very successful Retail Therapy day!

Hospital Week



We celebrated Hospital Week by showing gratitude to our team. From words of gratitude to fun-filled theme days, the week was filled with appreciation for their compassion and care.

New Mobile Unit!



Our new state-of-the-art Mobile Unit is here! This exciting addition will help us expand our reach and bring care directly to the community.

New Podcast Episode



On this month's episode of Health for Life, we are joined by Dr. Soorena Fatehchehr to dive deep into endometriosis — a condition that's often misunderstood, misdiagnosed, and minimized. We're talking real symptoms, common misconceptions, the impact of medical gaslighting, and most importantly, the treatment options that do exist.

If you or someone you love is navigating this journey, this one's a must-listen.

Kern Medical Commercials



CATCH US ON THE AIR!
Two Kern Medical commercials are now live

 KernMedical

WATCH NOW



Original



New



National Recognitions - May

- Hospital Week
- Nurses Week
- Mental Health Month
- Older Americans Month
- Oncology Nursing Month
- National Physical Fitness and Sports Month
- National Women's Health Week (5/14 - 5/20)

National Recognitions - June

- Alzheimer's and Brain Awareness Month
- Cataract Awareness Month
- Men's Health Month
- National Migraine & Headache Awareness Month
- National Safety Month
- National Scoliosis Awareness Month
- PTSD Awareness Month
- June 1-7: National CPR and AED Awareness Week
- June 1: National Cancer Survivors Day
- June 8: World Brain Tumor Day
- June 14: World Blood Donor Day
- June 15: World Elder Abuse Awareness Day
- June 18: Autistic Pride Day
- June 19: World Sickle Cell Day

Did You Know - Allergy Clinic



Kern Medical's Allergy Clinic is supervised by Donald Burt, MD, FACC, a Board-Certified Otolaryngologist at Kern Medical who specializes in diagnosing, treating, and managing allergies, asthma, and related immunologic disorders.

Kern Medical's Allergy Clinic is located at 2222 19th Street.

Appointments can be made by calling (661) 321-7400



Some of the services provided by the Allergy Clinic include...

- Skin Prick Testing
- Allergen Immunotherapy (Allergy Shots)
- Medication Management: Prescriptions for antihistamines, corticosteroids, leukotriene modifiers, etc...
- Asthma Diagnosis and Management via Spirometry and other lung function tests
- Food Allergy Services
- Food Elimination Diet Guidance
- Environmental Allergy Management
- Anaphylaxis Risk Management

Agenda Item #26

Correspondence received May 21, 2025, from SEIU Local 521 regarding Kern Medical AB 2561 Presentation

Kern Medical AB 2561 Presentation

May 2025

Outline



- I. Vacancies vs Turnover
- II. Vacancy Rates
- III. Evidence of High Turnover
- IV. Contract vs Employee RN Labor Cost
- V. Conclusion



Vacancies vs Turnover

- **Vacancies** refer to open positions at any given time, measuring potential **recruitment** challenges.
- **Turnover**, on the other hand, provides insight into employee **retention** challenges.
- Wage increases have improved recruitment challenges, but Kern Medical continues to struggle with employee retention.
- For example, state and federal agencies have identified multiple deficient practices related to Kern Medical's nursing staff retention in critical departments, including, but not limited to, the Pediatric Unit and Labor and Delivery.

Vaccancies



May 2025 Vacancy Rates & Median Days to Fill Vacancies

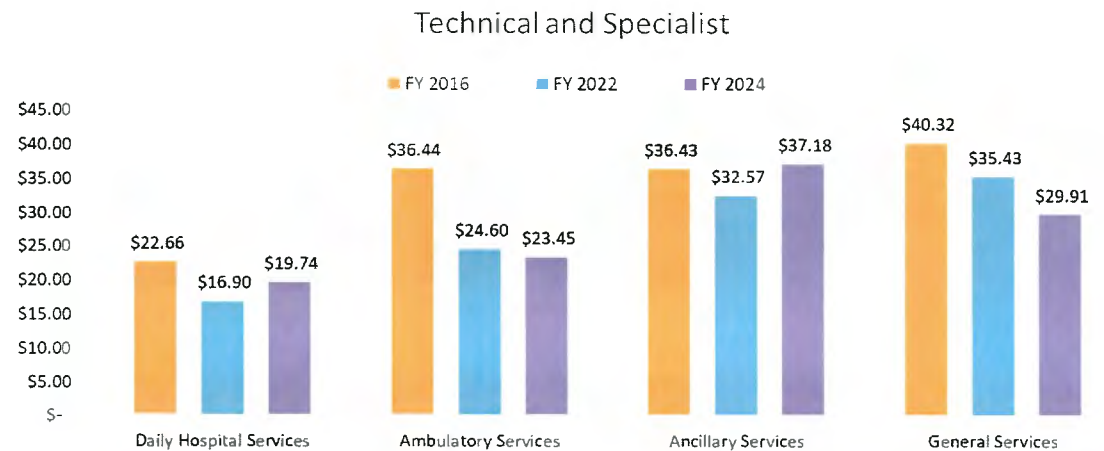
- The Supervisory, Professional, and Administrative bargaining units had vacancy rates over 10%.
- On average, vacancies take anywhere from one month (Trades/Craft/Labor) to nearly six months (Technical Services) to fill.

Bargaining Unit	Vacancy Rate	Median Days Vacant
SEIU 1: Supervisory	10.4%	100
SEIU 2: Professional	14.3%	77
SEIU 3: Technical Services	5.4%	154
SEIU 4: Clerical	1.8%	39
SEIU 5: Administrative	12.1%	55
SEIU 6: Trades/Craft/Labor	4.3%	33

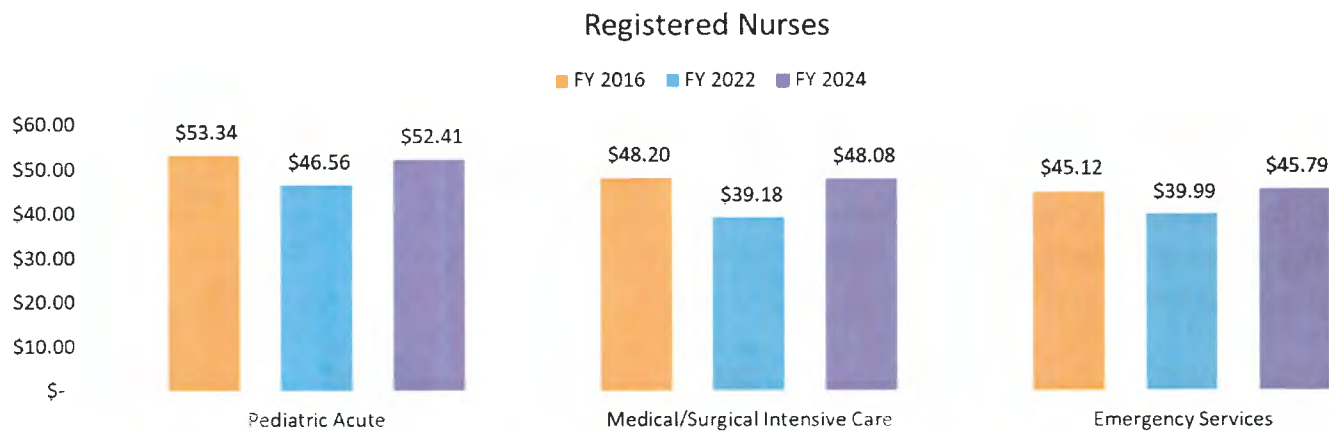
Evidence of High Turnover

Annual Financial Reports show evidence of significant turnover.

- Kern Medical's annual financial reports show significant decreases in the average hourly wage for Technical and Specialist classifications since FY 2016.
- This suggests turnover, particularly among more experienced staff members.



Annual Financial Reports show evidence of significant turnover.

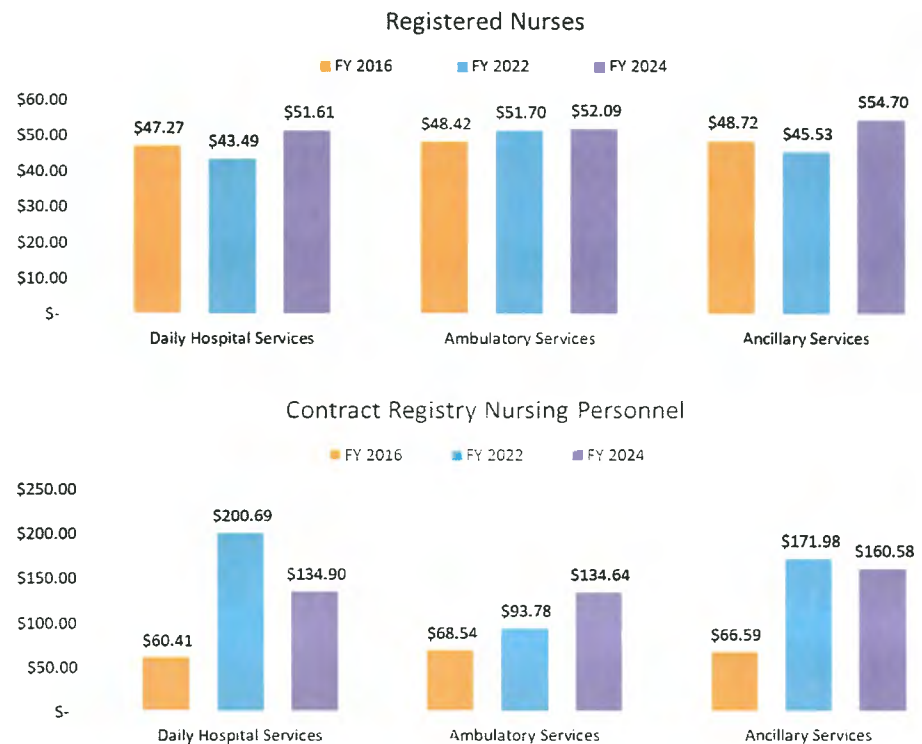


While there has been some improvement for RNs, certain critical areas, such as **pediatric acute care, intensive care, and emergency services**, continue to exhibit evidence of **high turnover**.

Contract vs Employee RN Labor Cost

The increased average hourly wage for RN employees was offset by a decrease in contract labor costs.

Even still, in FY 2024, Kern Medical paid more than 2x on average for every labor hour filled by a contract RN.



Conclusion

- Kern Medical continues to struggle with retention challenges, resulting in patient safety issues.
- Annual financial reports indicate that the hospital continues to struggle with retention issues.
- Patient safety concerns caused by retention challenges cannot be addressed by external contract agencies.
- To improve patient safety, Kern Medical must invest in its employees.



Kern Medical Surgery Center, LLC
9300 Stockdale Hwy., Suite 200
Bakersfield, CA 93311
661-964-2470

**BOARD OF MANAGERS
REGULAR MEETING
KERN MEDICAL SURGERY CENTER, LLC**

June 18, 2025

Subject: Administrative Report for Two-Months Ended April 30, 2025

Recommended Action: Receive and File

Summary:

Kern Medical Surgery Center Operations

Key Performance Indicators:

- March resulted in an operating loss of \$124,866; \$73,959 unfavorable to plan
- March volume of 253 surgeries is above the March budget of 229
- April resulted in an operating loss of \$154,482; \$102,077 unfavorable to plan
- Total surgeries were 248 for April; 26 above the April budget of 222

The following items have budget variances for the months of March and April 2025:

Patient Revenue:

For March, gross patient revenue was 5.5% favorable to budget for the month, with the budget at \$1,626,438 and the actual gross patient revenue at \$1,716,279. March net revenue of \$451,128 is \$11,990 greater than the March budgeted net revenue of \$439,138.

For April, gross patient revenue had a 2.8% favorable budget variance with actual gross patient revenue of \$1,619,228 compared to the budget of \$1,573,972. April net revenue of \$327,108 is \$97,864 less than the budget of \$424,972.

On a fiscal year-to-date basis, gross patient revenue of \$17,728,617 is 11% higher than the budget of \$15,949,585.

Supplies Expense: March supplies of \$ 220,718 were over the budgeted amount of \$173,650. April supplies were \$35,643 over budget. Supply expenses are over budget due to higher-than-average patient volumes and an increase in medical supplies.

Salary and Benefit Expense:

Salary expenses for March were \$212,951. This was \$54,824 over the budgeted amount of \$158,127. April salary expenses were \$174,235, which was \$21,209 over the April budget of \$153,026. The increase in salary expenses is due to the increase in surgical volume. Benefit expenses for March were \$24,719, which was \$14,813 below the budget of \$39,532. The benefit expenses for April were \$22,921, which was \$15,335 below the budget of \$38,256.

Purchased Services:

March purchased services in the amount of \$87,104 were under budget by \$3,345. April purchased services of \$96,384 were over budget by \$6,624 due to accreditation survey fees.

Initiatives for Marketing and Growth:

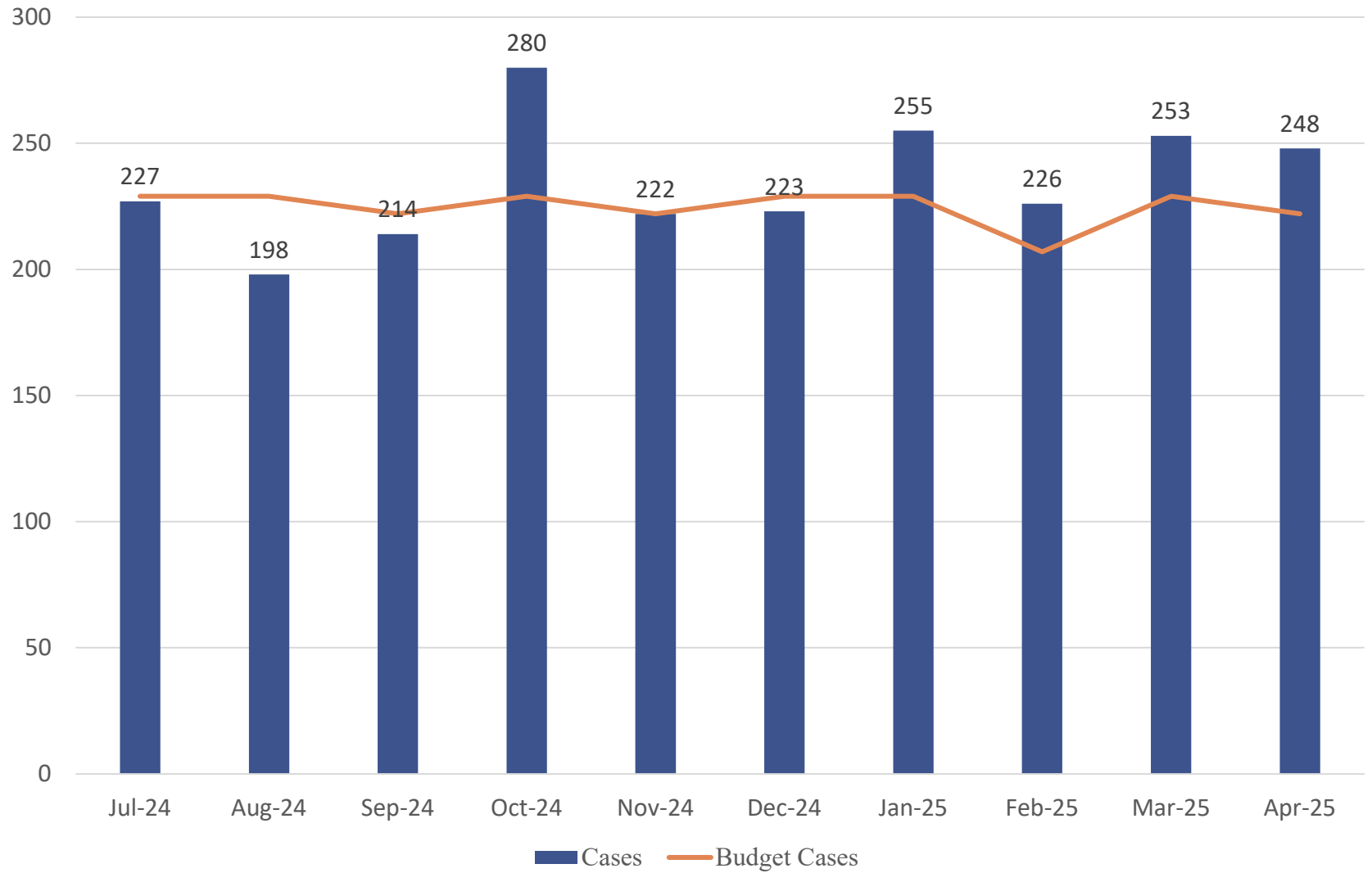
The Surgery Center underwent its AAAHC reaccreditation survey in May and passed with zero findings. The Center continues to deliver high quality patient care to patients in our community.

The Director of Nursing is working with various suppliers to get the best pricing on total joints. We have credentialed a community orthopedic surgeon who is prepared to bring his total joints to the Center once all the supplies and processes are in place. The Director of Nursing has also credentialed a community pain management doctor who is scheduled to begin cases in June.

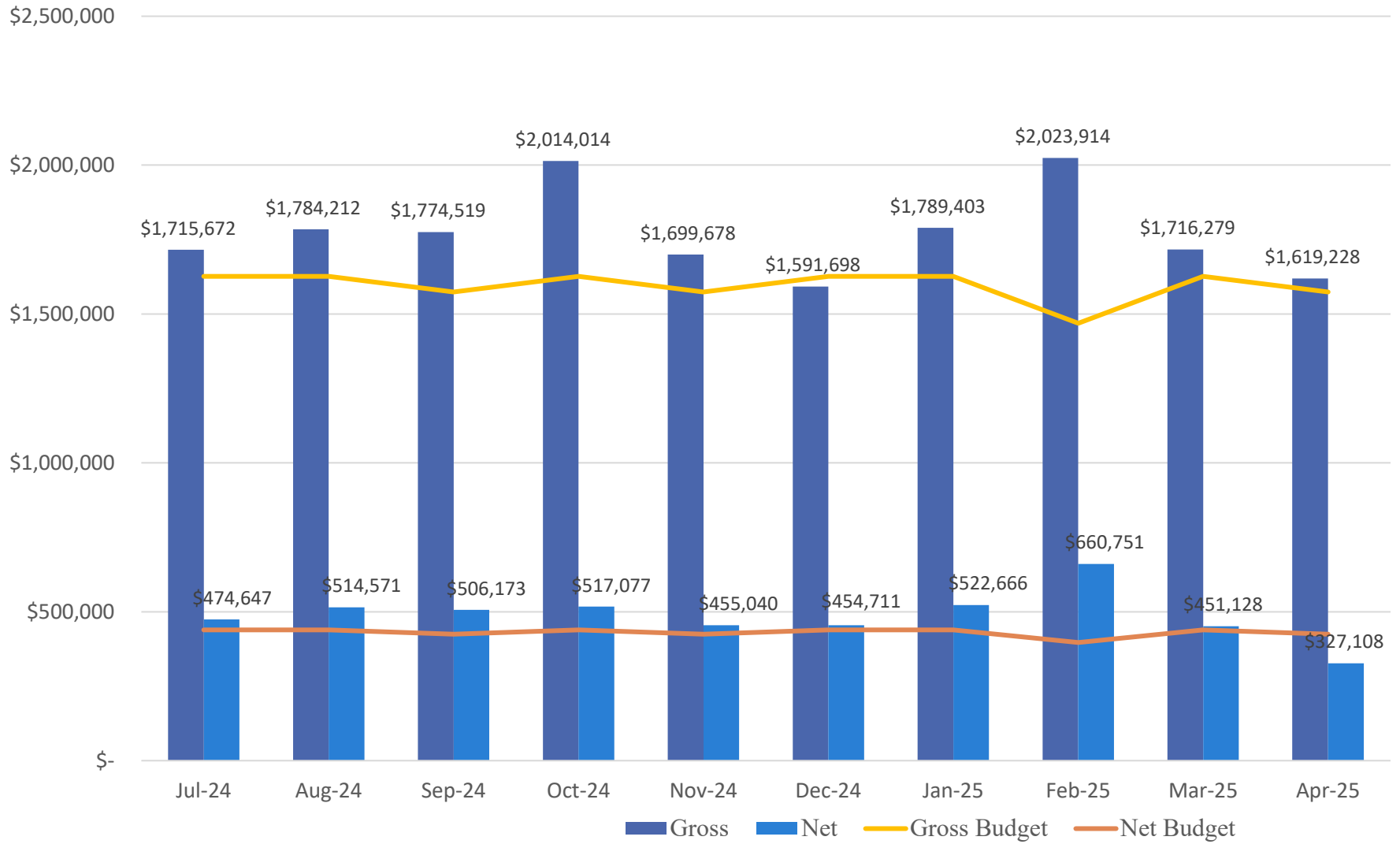


**BOARD OF MANAGERS' REPORT
MARCH 2025 – APRIL 2025**

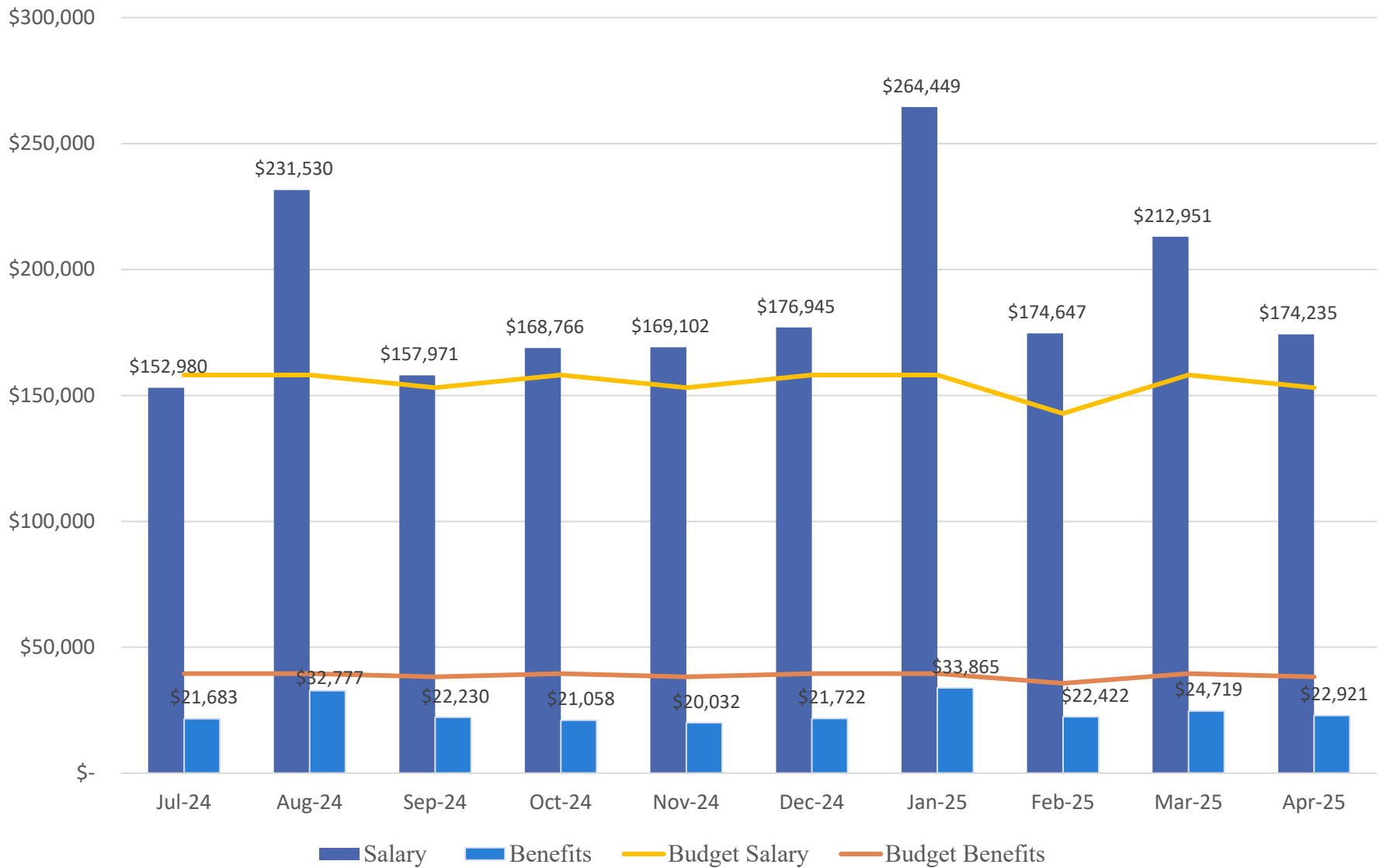
Case Volume



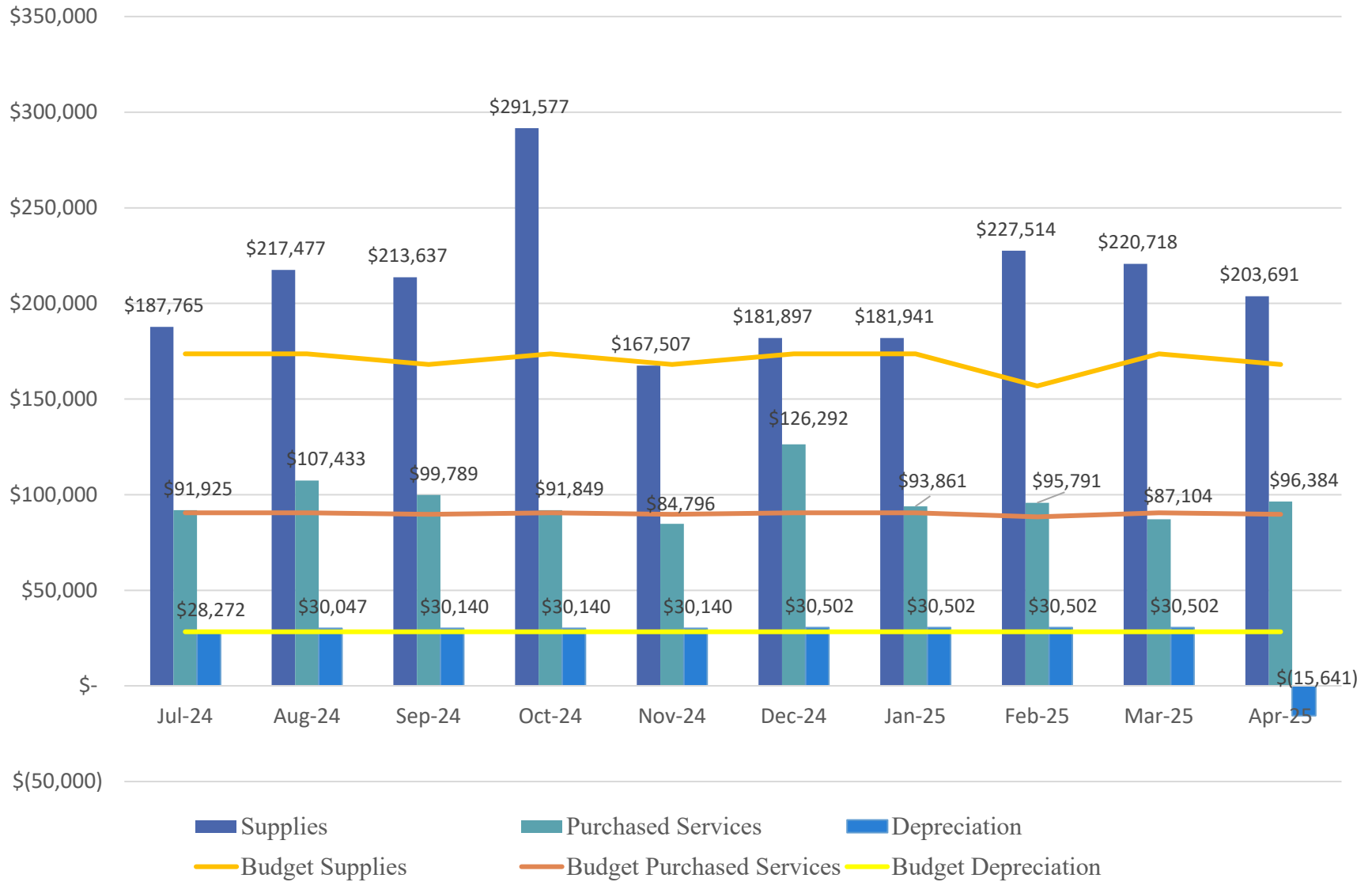
Total Revenue



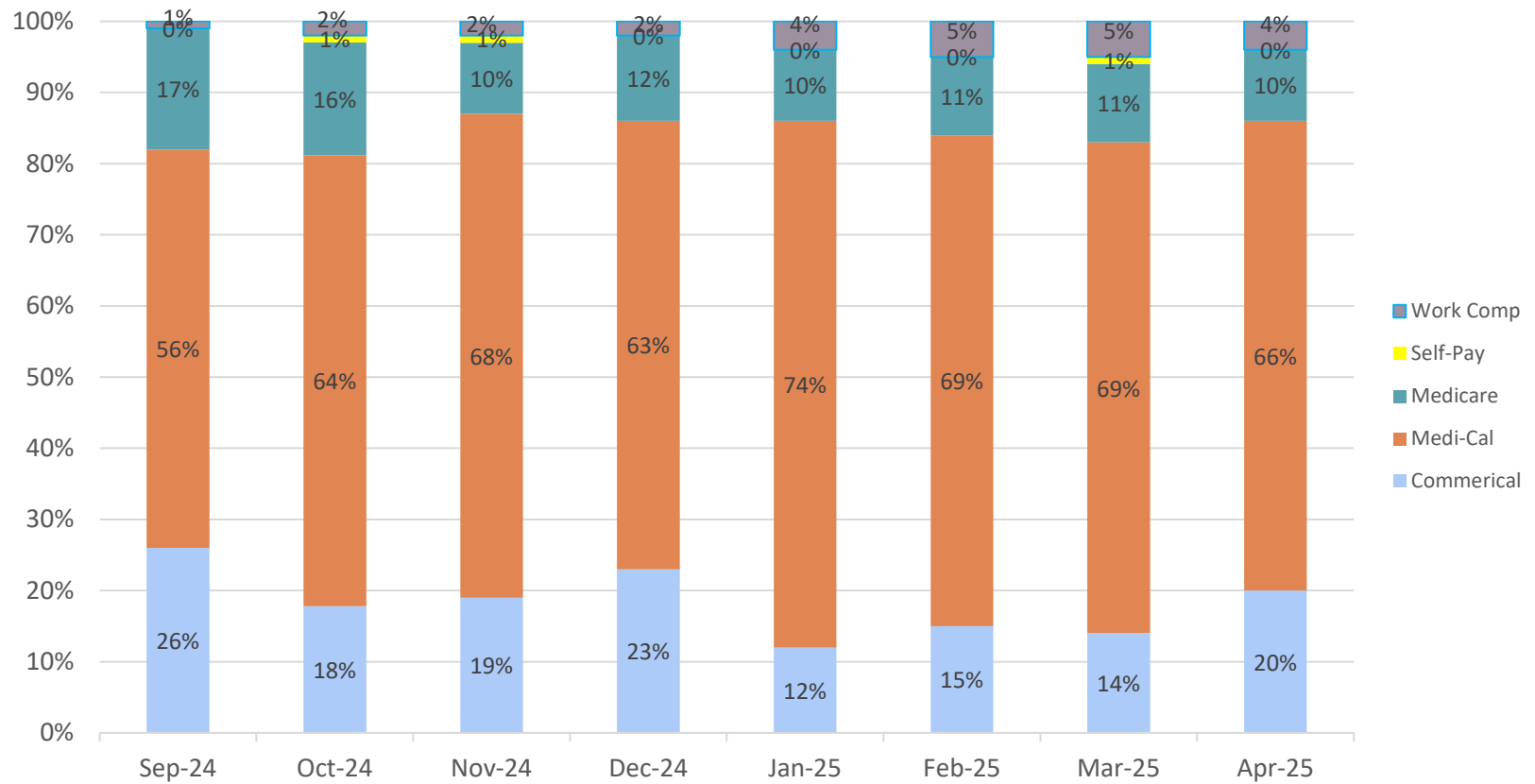
Expenses



Expenses



PAYER MIX



Kern Medical Surgery Center, LLC.
Profit and Loss

	Mar-25	Apr-25	Budget Apr-25	Variance
Gross Revenue	\$ 1,716,279	\$ 1,619,228	\$ 1,573,972	\$ (45,256)
Net Revenue	451,128	327,108	424,972	(97,864)
Salaries	212,951	174,235	153,026	(21,209)
Benefits	24,719	22,921	38,256	15,335
Supplies	220,718	203,691	168,048	(35,643)
Purchased Services	87,104	96,384	89,760	(6,624)
Depreciation	30,502	(15,641)	28,287	43,928
Total Expenses	575,994	481,590	477,377	(4,213)
Net Operating Gain (Loss)	\$ (124,866)	\$ (154,482)	\$ (52,405)	(102,077)

Kern Medical Surgery Center, LLC.
Profit and Loss
Fiscal Year to Date

	Actual FYTD	Budget FTYD
Gross Revenue	\$ 17,728,617	\$ 15,949,585
Net Revenue	4,883,872	4,306,385
Salaries	1,883,576	1,550,664
Benefits	243,429	387,666
Supplies	2,093,700	1,702,888
Purchased Services	975,224	900,355
Depreciation	255,106	282,870
Total Expenses	\$ 5,451,035	\$ 4,824,443
Net Operating Gain (Loss)	\$ (567,163)	\$ (518,058)

Balance Sheet
As of April 30, 2025

	Mar-25	Apr-25
ASSETS		
Total Cash on Hand	\$ 132,198	\$ 222,139
Gross Patient Receivables	2,542,680	1,747,209
Contractual Reserve	(1,805,303)	(1,240,519)
Net Patient Receivables	737,377	506,691
Other Receivables	-	-
Total Accounts Receivable	737,617	506,931
Total Other Current Assets	1,581	745
Total Current Assets	871,396	729,814
Total Fixed Assets	639,815	655,457
TOTAL ASSETS	1,511,212	1,385,271
Liabilities and Equity		
Total Accounts Payable	3,020,507	3,051,423
TOTAL LIABILITIES	3,156,538	3,185,078
Total Equity	(1,645,326)	(1,799,808)
TOTAL LIABILITIES AND EQUITY	\$ 1,511,212	\$ 1,385,271



**BOARD OF MANAGERS
REGULAR MEETING
KERN MEDICAL SURGERY CENTER, LLC**

June 18, 2025

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

June 18, 2025

Initial Appointments: The following practitioner(s) are recommended for initial appointment and clinical privileges as delineated by the respective department chair:

Harinderpal S. Chahal, MD, Plastic Surgery

APP Initial Appointments:

Olusegun S. Bello, CRNA

Reappointments: The following practitioner(s) are recommended for reappointment and clinical privileges as delineated by the respective department chair:

Brandon Hawkins, DPM, Podiatry

Liviu Pasaboc, DPM, Podiatry

Bryant Nachtigall, DPM, Podiatry

Tarun Rustagi, MD, Gastroenterology

APP Reappointments:

Ania Bedrosian, CRNA



Kern Medical Surgery Center, LLC
9300 Stockdale Hwy., Suite 200
Bakersfield, CA 93311
661-964-2470

**BOARD OF MANAGERS
REGULAR MEETING
KERN MEDICAL SURGERY CENTER, LLC**

June 18, 2025

Subject: Proposed retroactive Rental Service Agreement and Addendum with Mission Linen Supply doing business as Mission Linen and Uniform Service

Recommended Action: Approve; Authorize Chairman to sign

Summary:

The Kern Medical Surgery Center requests that your Board approve the proposed retroactive Rental Service Agreement and Addendum with Mission Linen Supply doing business as Mission Linen and Uniform Service, for the provision of various linens to the Kern Medical Surgery Center. The proposed Rental Service Agreement is for a term of sixty (60) months, effective April 28, 2025, with an estimated maximum payable of \$375,000.

The previous Rental Service agreement with Mission Linen Supply was entered into on June 24, 2023 for a three (3) year term. Subsequently, an addendum was completed in August 2023 and was not included with the July 24, 2023 Rental Service agreement, amending the term from a three (3) year term to a one (1) term. This information was not added to the contract tracking system so the contractual termination of the Rental Service agreement dated July 24, 2023 was unknown until recently. Mission Linen Supply continued to honor the previous Rental Service agreement and is now proposing to enter into a new agreement.

In order to correct this contracting issue, Kern Medical Surgery Center recommends that your Board approve the proposed retroactive Rental Service Agreement with Mission Linen Supply, to provide linen services, effective April 28, 2025, for a term of sixty (60) months, with an estimated maximum payable of \$375,000, and authorize the Chairman to sign.



RENTAL SERVICE AGREEMENT

Acct. No.: 293580

Date: 4/28/25

Phone: 661-747-0027

Business Name: Kern Medical Surgery Center, LLC

Contact Name: Dawn Acosta

Delivery/Street Address: 9300 Stockdale Hwy, Suite 200

City: Bakersfield

State: Ca

Zip: 93311

ITEM	TYPE OF SERVICE TYPE	COLOR	IC	UNIT PRICE	TOTAL INVENTORY	NO. OF EMPL.	NO. OF CHANGES WKLY	SERVICE CHARGE	WKLY. MIN CHARGE PER ITEM/EMP	SPECIAL ITEMS
SERVICE CHARGE								9.00		<input type="checkbox"/>
PREP CHARGE				4.00	0				100%	<input type="checkbox"/>
SINGLE SHEET				.75	280				50%	<input type="checkbox"/>
PATIENT GOWN IV PRINT				.75	100				50%	<input type="checkbox"/>
REPLACEMENT - HSP LIN				19.97	0				100%	<input type="checkbox"/>
PAD-UNDER-BLUE-ENCOM				.95	30				50%	<input type="checkbox"/>
GOWN-PEDI-LRG-GRN				.80	20				50%	<input type="checkbox"/>
FLANNEL BLANKET				1.75	140				50%	<input type="checkbox"/>
SCRUB BOTTOM	PERFORMAX	BLACK		.75	400				50%	<input type="checkbox"/>
SCRUB TOP	PERFORMAX	BLACK		.75	400				50%	<input type="checkbox"/>
WARM UP JACKET	PERFORMAX	BLACK		.95	30				50%	<input type="checkbox"/>
MAT 4X6		SLATE		4.50	1				100%	<input type="checkbox"/>
MOP WET TB MFBRG M				1.65	100				50%	<input type="checkbox"/>
SURGICAL OR TOWEL				.58	100				50%	<input type="checkbox"/>
LINEN MAINTENANCE								18%		<input type="checkbox"/>
MICROFIBER FLAT MOP				.45	50				50%	<input type="checkbox"/>
YELLOW BIN FOR SOIL				NC	1					<input type="checkbox"/>
										<input type="checkbox"/>

TERMS OF PAYMENT

(CHECK ONE BOX)
☐ C.O.D.
☒ CHARGE
 (IF APPROVED)

ALL INVOICES OF MISSION SHALL BE DEEMED TO BE TRUE AND CORRECT, AND UNLESS AN OBJECTION TO AN INVOICE IS MADE BY THE CUSTOMER IN WRITING ON OR BEFORE THE DUE DATE, OR UNLESS THE ACCOUNT IS C.O.D. ETC., ALL CHARGES ARE DUE AND PAYABLE BY THE 10TH OF THE MONTH FOLLOWING SERVICE. A LATE CHARGE OF 1½% PERCENT PER MONTH (18% PER ANNUM) FOR ANY AMOUNT IN ARREARS MAY BE CHARGED. IN THE EVENT CUSTOMER CHARGES ARE NOT PAID IN A TIMELY MANNER, MISSION HAS THE OPTION TO PLACE CUSTOMER ON A C.O.D. BASIS, PLUS A PERCENTAGE OF ANY PAST DUE BILLS. MISSION SHALL APPLY ANY PAYMENT RECEIVED TOWARD THE CURRENT BILLS FIRST AND ANY BALANCE AGAINST PAST DUE BILLS UNTIL THE CUSTOMER IS AGAIN CURRENT.

☒ THERE IS AN ADDENDUM ASSOCIATED WITH THIS AGREEMENT. _____ (INITIAL)
☐ THERE IS NOT AN ADDENDUM ASSOCIATED WITH THIS AGREEMENT. _____ (INITIAL)

\$ 50.00 Stop Minimum

Mission Linen Supply (dba Mission Linen and Uniform Service)

Business Name Kern Medical Surgery Center, LLC

Signature

Authorized Representative

Accepted by DM/GM

Signature

Date

Title

Date

By initialing below, I acknowledge that I have read the terms and conditions on the back of this agreement

TERMS & CONDITIONS

1. CUSTOMER understands that all items rented under this Agreement shall remain the property of MISSION LINEN SUPPLY (hereafter "MISSION") and shall be laundered and maintained exclusively by MISSION. CUSTOMER agrees to accept from MISSION and pay for the rental and laundering of all linen, industrial, dust control items and all other products and services provided by MISSION used in and required by CUSTOMER'S business. Additional products, services and quantities may be added to this Agreement upon written or oral request of CUSTOMER at the prices then in effect. CUSTOMER understands that MISSION will be required to make a substantial investment in rental merchandise, and therefore it is agreed that a minimum weekly inventory charge will be made as part of this Agreement. Minimum charges are stated on the reverse side. Charges may be assessed for additional deliveries to CUSTOMER'S place of business over and above CUSTOMER'S normal delivery schedule, provided the need for the additional delivery was not caused by MISSION.

2. This rental service Agreement is effective as of the date signed by MISSION on the reverse side hereof and shall remain in effect for a period of sixty (60) months thereafter. This Agreement shall be renewed automatically for a like period unless either party is notified to the contrary in writing not less than thirty (30) days and not more than sixty (60) days in advance of the expiration date of the then current term. This Agreement shall not be binding upon MISSION until it has been accepted by its District Manager or General Manager.

3. MISSION will impose an annual price increase (API). In the event of increased costs, MISSION may impose additional charges by separate written notice or by notation on CUSTOMER'S invoice. CUSTOMER may reject such additional charges by notifying MISSION in writing within ten (10) days of such changes. In such event MISSION may, at its sole option, either adjust the price change or cancel this Agreement.

4. MISSION shall replace rental items or garments due to normal wear as needed. In the event of loss, theft, damage, destruction, misuse, abuse or mysterious disappearance of any rental items or garments, CUSTOMER agrees to pay to MISSION the then current replacement value of the lost, stolen, damaged, destroyed, misused, abused or mysteriously disappeared items. Upon termination of a CUSTOMER employee, the employee's garments or the value of the same shall be returned to MISSION, and upon such return the weekly service charge for such item(s) shall be removed. If garments in use by CUSTOMER are not items MISSION normally stocks (i.e., "special items"), upon discontinuance of service for any reason including expiration of the term of this Agreement, CUSTOMER shall purchase such garments at their current replacement value.

5. CUSTOMER acknowledges that the items furnished under this Agreement are for general purposes and are not designated or recommended for use in areas of flammability risk or where contact with hazardous materials or ignition sources is possible. CUSTOMER agrees to indemnify and hold MISSION harmless from and against liability for any personal injury or property damage resulting from such use.

6. In the event of cancellation of this Agreement for any reason, CUSTOMER agrees to (a) purchase the entire inventory of items in service or otherwise held for CUSTOMER'S use at current replacement cost, (b) pay all outstanding amounts owed to MISSION and (c) pay, as liquidated damages and not as a penalty, 50% of the average weekly amount invoiced during the month preceding the breach (or, if not available, the weekly minimum)

DISCLOSURE STATEMENT

This statement describes the billing policies and practices of Mission Linen Supply regarding charges that will appear on your invoice. Please read it carefully.

Like many companies, Mission Linen Supply's price for the goods it rents and the services it provides is made up of several components. The goods and services are referred to on the customer invoice by descriptive words such as "bar towel" or "shop towel." The basic price charged is determined by multiplying the number of goods rented or the quantity of services provided by a price per item for such goods or services called the "unit price." The unit price will be the amount determined by the contract with Mission. The result will be the basic price and will be entered as a dollar amount on one line of the customer invoice.

Mission reserves the right to charge amounts in addition to the basic unit prices based on its costs and market conditions. Such additional charges are described on the customer invoice variously as "Environmental Charge," "Ancillary Charge," "Fuel Charge," "Energy Charge," "Service Charge" or "Additional Charge." Some customer invoices have charges added and others do not. Charges may be temporary and will be collected for less than the full term of the contract. Others may be permanent and will be collected over the entire term of the contract. The method of calculation will vary but usually will be either a flat charge or a percentage of the total invoice amount. In unusual situations the charge may be based on circumstances unique to a particular customer. Generally, there will be no exact correlation between the charge assessed and any specific cost or expense incurred by Mission. Instead, the charges are intended to recover Mission's costs associated with energy, gasoline, environmental compliance, wastewater and related expenses on a company-wide basis, but the amount charged to a particular customer will not bear an exact relationship to actual costs incurred on behalf of that customer.

Other charges shown on a customer invoice may be related to actual customer experience. Those charges are described variously as an "Abuse Charge," "Loss Charge," "Loss and abuse charge," "Inventory Maintenance Charge," "Replacement Charge" or "Linen Maintenance Charge." Typically such charges will be assessed on a percent of invoice basis but may be based on another method. These charges may be collected in addition to or in lieu of other charges. The addition or omission of such charges, the amount and method of calculation and the determination of whether charges are temporary or permanent are all matters within the discretion of Mission Linen Supply and may not be applied the same for all customers or in all locations because of variations in costs, the needs of different customers and the effects of competition in different markets. Unit prices and additional charges may vary according to locale. If charges are added, the amount charged and the method of calculation will be separately reflected on the customer invoice in addition to the unit price.

NOTICE OF POTENTIAL RISK OF SPONTANEOUS COMBUSTION AND HOLD HARMLESS AGREEMENT REGARDING USE OF FIRE RESISTANT BAG

Please be advised that under certain conditions, linens used in your business can be subject to spontaneous combustion. The conditions that lend themselves to spontaneous combustion are the presence of oils (in the form of vegetable oils) and animal fats on the textile products after you have used them. Given the right circumstances, these textiles can spontaneously combust in the soil bag or other container. This combustion can cause injury and/or death to persons and damage to or destruction of property.

Mission wishes to assist you in preventing damage to your property or personnel by providing a fire resistant container (bag) at a nominal purchase price plus a service charge to launder the bag as needed. Although it doesn't guarantee freedom from risk, the fire resistant bag is capable of withstanding 1600 degrees Fahrenheit without damage to the exterior or to the surrounding area. If you choose to utilize the fire resistant bag, you can greatly reduce the risk of spontaneous combustion fire interrupting your business.

IF YOU CHOOSE NOT TO UTILIZE THE FIRE RESISTANT BAG, by your signature on this Agreement you agree that you will: (1) assume all risks and legal liability for the consequences of a spontaneous combustion fire; (2) incur all damages, costs, losses of service and expenses and compensation, of any nature whatsoever, arising from the non-use of the Fire Resistant Bag, arising from the consequences of a spontaneous combustion fire and (3) defend, indemnify and hold harmless Mission Linen Supply from and against all claims and causes of action, wrongful death claims, subrogation claims and other rights whether brought by you, your heirs, assigns, survivors, any first party or third party insurance carriers or their assigns, workers' compensation carriers and their assigns, privies, any governmental agency or subdivision, any third party or any other person whatsoever.

multiplied by the number of weeks remaining in the term of this Agreement, beginning with the date of the breach. The prevailing party shall be entitled to receive its reasonable attorneys' fees and all reasonable costs and expenses in any action to enforce this Agreement.

7. This Agreement remains binding on CUSTOMER in the event of sale, assignment or other transfer of CUSTOMER'S business and/or assets. Obligations hereunder may be transferred only upon prior written consent of MISSION and pursuant to an "agreement to assume" presented in writing from successor/purchaser.

8. The performance of MISSION'S duties under this Agreement may be subject to circumstances beyond MISSION'S control including, but not limited to, labor strikes, lockouts, availability of products, government acts, wars, acts of terrorism and acts of God. MISSION'S failure to perform under this Agreement because of such events shall not be considered a breach.

9. MISSION shall not be liable for any damages to CUSTOMER resulting from a delay or default in performing MISSION'S duties under this Agreement if such delay or default is caused by circumstances beyond MISSION'S control, including but not limited to labor strikes, lockouts, availability of products, government acts, wars, acts of terrorism and acts of God. CUSTOMER shall not have the right to terminate this Agreement for a delay or default in performance by MISSION if such delay or default is caused by circumstances outside of MISSION'S control.

10. All claims by CUSTOMER against MISSION for incidental damages or for consequential damages are excluded. MISSION makes no express warranties, and ALL IMPLIED WARRANTIES INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE ARE EXCLUDED. MISSION is not responsible for loss or damage to CUSTOMER items left in soiled laundry collection bags.

11. This Agreement contains the entire agreement between the parties, and any terms or conditions not set forth herein are null and void. If any term or provision of this Agreement or the application thereof to any person or circumstance is held to be void or unenforceable to any extent, then the remaining provisions of this Agreement shall continue in full force and effect.

12. CUSTOMER warrants that he/she/it is not under contract or otherwise obligated to take or obtain service contemplated hereunder from any other supplier and that the execution of this Agreement is not a breach or violation of any other agreement. CUSTOMER agrees to use MISSION exclusively for all of CUSTOMER'S textile rental requirements.

13. Should CUSTOMER believe that MISSION has failed to provide service in accordance with the standard and quality comparable to that of other commercial laundries rendering like service in the same area, it shall notify MISSION in writing by certified mail, setting forth the specific nature of the complaint. Should MISSION in its discretion find such complaint to be valid but then fail to remedy the complaint within (30) days, CUSTOMER may terminate this Agreement by giving sixty (60) days' written notice to MISSION and by purchasing all special items in issue and/or in inventory at the then current replacement value.



ADDENDUM TO SERVICE AGREEMENT

Service Provider: Mission Linen Supply
Customer: Kern Medical Surgical Center #293580

This Addendum hereinafter modifies that certain Rental Service Agreement, dated 4/28/2025, by and between Mission Linen Supply, as the Supplier and Kern Medical Surgical Center as the Customer, which Agreement is entered concurrently with this Addendum.

The Agreement is modified as follows:

Terms of Payment: Mission Linen agrees not to implement late charges of any kind per "Terms of Payment" section.

Section 2: Both parties agree that any auto-renewal term will only for a term of 12 months or 1 year.

Section 3: Both parties agree to a modified "notice of additional charges" from 10 days to 30 days.

Section 6: Both parties agree to omit sub section (a) "purchase of the entire inventory of items in service or otherwise held for CUSTOMER'S use at replacement cost."

Section 6: Both parties agree to omit subsection c) "pay, as liquidated damages and not as a penalty, 50% of the average weekly amount invoiced during the month proceeding the breach (or, if not available, the weekly minimum) multiplied by the number of weeks remaining in the term of this Agreement, beginning with the date of the breach. The prevailing party shall be entitled to receive its reasonable attorney's fees and all reasonable costs and expense in any action to enforce this Agreement."

Section 7: Both parties agree to omit "Obligations hereunder may be transferred only upon prior written consent of MISSION and pursuant to an "agreement to assume" presented in writing from successor/purchaser."

MUTUALLY AGREED AND ACCEPTED:

SERVICE PROVIDER: MISSION LINEN SUPPLY

CUSTOMER: KERN MEDICAL SURGICAL CENTER

Signature _____

PRINT NAME: _____

ACCEPTED BY DM/GM _____

AUTHORIZED SIGNATURE: _____

DATE: _____

DATE: _____

ALL OTHER TERMS AND CONDITIONS OF THE AGREEMENT ARE HEREBY RATIFIED AND CONFIRMED.

APPROVED AS TO FORM:
Legal Services Department

By Shannon Hochstein
Kern County Hospital Authority

Agenda Item #30

Correspondence received May 30, 2025, from Kristen Olko, CPA, Senior Manager, Moss Adams LLP, regarding Kern Medical Surgery Center, LLC 2024 Audit Services and Related Nonattest Services



May 27, 2025

T (206) 302-6500
F (206) 622-9975

999 Third Avenue
Suite 2800
Seattle, WA 98104

Kern Medical Surgery Center LLC
9300 Stockdale Hwy Ste 200
Bakersfield, CA 93311

Re: Your Current Engagement for 2024 Audit Services and Related Nonattest Services in that Engagement Letter (the "Engagement")

Dear Chairman McLaughlin and Mr. Cantu:

We are pleased to inform you that Moss Adams LLP ("Moss Adams") recently announced a significant transaction that will accelerate our business and deliver a stronger value proposition to our clients. The transaction is a combination of Moss Adams with Baker Tilly, a leading advisory, tax and assurance firm (<https://www.bakertilly.com>), under the Baker Tilly name (the "Proposed Transaction"). The Proposed Transaction, which is subject to satisfaction of customary closing conditions, is currently anticipated to close on or about June 3, 2025 (the "Closing").

We are writing to inform you of the Proposed Transaction and to provide information regarding the Engagement. After the Closing, the Engagement, including the engagement agreement and any corollary contracts between you and Moss Adams related to the Engagement, will be assigned to Baker Tilly US, LLP ("BTUS"). The terms and conditions of the Engagement will not change as a result of the Proposed Transaction and Moss Adams intends all professional services to be provided without interruption. Additionally, the engagement team currently providing services on the Engagement will remain substantially the same, and you should not see any noticeable differences in the way in which you receive services on a day-to-day basis. Our commitment to providing our clients with client-centric, high-quality service will remain our top priority.

Proposed Transaction Structure and Client Information

In connection with the Proposed Transaction, Moss Adams will be restructured into an alternative practice structure with BTUS and Baker Tilly Advisory Group, LP ("BTAG") in accordance with the Code of Professional Conduct of the American Institute of Certified Public Accountants ("AICPA"). Following the Closing, BTUS, a licensed CPA firm, will provide audit and attest services to our clients. BTAG will provide non-attest services, such as tax, consulting, and other advisory services. BTAG is not a licensed CPA firm. BTUS has a contractual arrangement with BTAG whereby BTAG provides BTUS with administrative, operational and personnel support to its professional services.

As part of the Proposed Transaction, Moss Adams will transfer its client files to BTUS and BTAG to facilitate client services on a go-forward basis. All such entities will comply with the AICPA Code of Professional Conduct, as applied to an alternative practice structure, and applicable federal, state and local rules, with respect to the confidentiality of client information. Your information will be kept confidential in accordance with all confidentiality, privacy and security obligations that currently apply.

Questions?

If you have any questions or need additional information, please do not hesitate to contact me at the email address below. We appreciate your business, your trust in Moss Adams, and we value the opportunity to continue to serve you as we become part of the Baker Tilly family.

Very truly yours,

Kristen Olko, Senior Manager, for
Moss Adams LLP
kristen.olko@mossadams.com

Client #: 657550

**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 June 18, 2025, 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**

Health and Safety Code Section 101855(e)(1)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on June 18, 2025, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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

**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 June 18, 2025, 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**

The Board of Governors will hold a closed session on June 18, 2025, to consider:

 X PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer
(Government Code Section 54957) –

**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 June 18, 2025, 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)) 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 (Government Code Section 54956.9(e)(1)) –