



## **AGENDA**

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

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

**Special Meeting**  
Tuesday, February 18, 2025

11:30 A.M.

#### BOARD TO RECONVENE

Board Members: Anderson, Berjjs, McLaughlin, Merz, Pelz, Pollard  
Roll Call:

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

STAFF RECOMMENDATION SHOWN IN CAPS

#### RECOGNITION

- 1) Presentation by the Chief Executive Officer recognizing Kern Medical Center employees from the Information Technology Department –  
MAKE PRESENTATION

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on January 15, 2025 –  
APPROVE

CA

- 5) Proposed First 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 29, 2025, amending the Amended and Restated Credit Agreement (as previously approved by the Board of Governors) to extend the maturity date of the Line of Credit to May 29, 2035, provided that the Line of Credit shall otherwise be substantially on the same terms set out in the Amended and Restated Credit Agreement and that any indebtedness incurred thereunder at any time shall be secured only by personal property, substantially the same as the personal property described in the previously executed General Security and Pledge Agreement, in favor of PNC Bank, and delegating authority to certain officers –  
APPROVE; ADOPT RESOLUTION; AUTHORIZE AND DIRECT ANY TWO OF THE FOLLOWING OFFICERS (EACH, AN “AUTHORIZED OFFICER”), FOR AND IN THE NAME OF AND ON BEHALF OF THE AUTHORITY, TO EXECUTE THE FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT, AS THE AUTHORIZED OFFICERS EXECUTING THE SAME, TOGETHER WITH THE VICE PRESIDENT & GENERAL COUNSEL OF THE AUTHORITY, SHALL APPROVE: CHAIRMAN OF THIS BOARD, VICE-CHAIRMAN OF THIS BOARD, CHIEF EXECUTIVE OFFICER OF THE AUTHORITY OR CHIEF FINANCIAL OFFICER OF THE AUTHORITY

CA

- 6) Proposed Medicare Advantage Provider Agreement with Blue Cross of California, doing business as Anthem Blue Cross and Affiliates, an independent contractor, and Business Associate Agreement containing nonstandard terms and conditions, for the provision of primary and specialty provider services to Medicare beneficiaries enrolled in Anthem’s Medicare Advantage Program for an initial term of three years from May 1, 2025 through April 30, 2028 (Rates Confidential per Health and Safety Code section 101855(f)) –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed acceptance of donation of travel and related expenses from Arjo Inc., for one Kern Medical Center employee to attend the 2025 Association of Safe Patient Handling Professionals National Safe Patient Handling and Mobility Education Conference in Atlanta, Georgia, from March 9-13, 2025 –  
APPROVE; ADOPT RESOLUTION

CA

- 8) Proposed acceptance of donation of travel and related expenses from Alliant Insurance Services, Inc., for three Kern Medical Center employees to attend the 2025 Alliant Healthcare Education Forum in Dallas, Texas, from February 20-21, 2025 –  
APPROVE; ADOPT RESOLUTION

CA

- 9) Proposed acceptance of donation of travel and related expenses from MagMutual and PRISM, for one Kern Medical Center employee to attend the American Society for Health Care Risk Management Academy 2025, in Orlando, Florida, from March 17-18, 2025 –  
APPROVE; ADOPT RESOLUTION

CA

- 10) Proposed Agreement with Trans-West Security Services, Inc., an independent contractor, for security services from February 18, 2025 through December 31, 2027, in an amount not to exceed \$8,350,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed On Demand Quotation with GE HealthCare, an independent contractor, containing nonstandard terms and conditions, for Echo Ultrasound repair services, in an amount not to exceed \$2,204, plus taxes and fees –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE FUTURE QUOTATIONS WITH GE HEALTHCARE SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 12) Proposed On Demand Services and Price Quote with GE HealthCare, an independent contractor, containing nonstandard terms and conditions, for repair and purchase of parts for BiliSoft Phototherapy 2.0 System Device, in an amount not to exceed \$3,203, plus taxes and fees –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE FUTURE QUOTATIONS WITH GE HEALTHCARE SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 13) Proposed Repair Quotation 11034811 and Terms and Conditions of Sale with deSoutter Medical USA, Inc., an independent contractor, containing nonstandard terms and conditions, for repair of a cast saw, in an amount not to exceed \$552, plus taxes and fees –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 14) Proposed Master Subscription Agreement with Payscale, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of a subscription compensation data platform from February 18, 2025 through February 17, 2028, in an amount not to exceed

\$79,440, plus taxes and fees –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 15) Proposed recommendation to Kern County Board of Supervisors to appoint Tina K. Stout, a qualified candidate, to the Kern County Hospital Authority Board of Governors to fill the community at large member vacancy created by the resignation of Candace B. Neal, term to expire June 30, 2027 –  
DISCUSS; MAKE RECOMMENDATION; REFER TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT
- 16) Proposed retroactive Amendment No. 1 to Agreement 145-2024 with Frank W. Sabatelli, M.D., a contract employee, for professional medical services in the Department of Radiology for the period August 28, 2024 through August 27, 2027, revising the compensation section to include payment for holiday coverage, effective November 1, 2024 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- 17) Proposed retroactive Amendment No. 5 to Agreement 20117 with LocumTenens.com, an independent contractor, for temporary physician staffing services for the period May 22, 2017 through May 21, 2023, extending the term for two years from May 22, 2023 through May 21, 2025, and increasing the maximum payable by \$1,500,000, from \$3,000,000 to \$4,500,000, to cover the term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- 18) Report on referral to staff to address retroactive contracts and develop a process to minimize the placement of such contracts on future agendas (follow-up from November 20, 2024)–  
RECEIVE AND FILE
- 19) Kern County Hospital Authority Chief Financial Officer report –  
RECEIVE AND FILE
- 20) Kern County Hospital Authority Chief Executive Officer report –  
RECEIVE AND FILE
- CA
- 21) Monthly report on What's Happening at Kern Medical Center –  
RECEIVE AND FILE
- CA
- 22) Claims and Lawsuits Filed as of January 31, 2025 –  
RECEIVE AND FILE

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

C-23) Kern Medical Surgery Center, LLC, Administrative Report –  
RECEIVE AND FILE

C-24) Proposed credentialing recommendations –  
APPROVE

- C-25) Proposed Agreement and Engagement Letter with Moss Adams LLP, an independent contractor, for financial auditing services of Kern Medical Surgery Center for the fiscal year ended June 24, 2024, from February 18, 2025 through March 31, 2026, in an amount not to exceed \$54,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- C-26) Proposed Incentive Compensation payable to the Kern Medical Surgery Center Business Office Manager in an amount not to exceed \$35,000, less all applicable federal and state taxes and withholdings, based on total collections of \$5,315,593.53 for calendar year ended December 31, 2024 –  
APPROVE
- C-27) Proposed Kern Medical Surgery Center Business Office Manager Incentive Compensation Schedule for calendar year ending December 31, 2025 –  
APPROVE

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

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 28) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 29) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Sylvia Glenn Stevens, Applicant v. Kern County Hospital Authority, Permissibly Self-Insured, Administered by Adminsure, Inc., Defendants, Workers' Compensation Appeals Board, Case Numbers ADJ3208861; ADJ1552389; ADJ3235687; ADJ4399887 –
- 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) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, MARCH 19, 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

22) CLAIMS AND LAWSUITS FILED AS OF JANUARY 31, 2025 –  
RECEIVE AND FILE

- A) Summons and Complaint in the matter of Joseph S. Mansour, M.D., an individual, v. Kern County Hospital Authority; and DOES 1 to 25, inclusive, Kern County Superior Court Case No. BCV-25-100003 BCB
- B) Summons and Complaint in the matter of De'Andre Iverson Weston, Plaintiff, v. Dr. Joanna, Defendants, United States District Court for the Eastern District of California Case No. 1:24-CV-00638-KES-HBK (PC)



## **SUMMARY OF PROCEEDINGS**

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

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

Regular Meeting  
Wednesday, January 15, 2025

11:30 A.M.

#### **BOARD RECONVENED**

Board Members: Anderson, Berjis, McLaughlin, Merz, Pelz, Pollard  
Roll Call: 6 Present

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

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

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

#### RECOGNITION

- 1) Presentation by the Chief Executive Officer recognizing January 2025 as Human Trafficking month –  
CHIEF EXECUTIVE OFFICER SCOTT THYGERSON MADE PRESENTATION; CHIEF NURSING OFFICER TONYA BARRAZA, CLINICAL DIRECTOR JENNY WILSON, AND DIRECTOR OF SECURITY SHAD REEVES HEARD; DIRECTOR POLLARD COMMENDED STAFF AND LEADERSHIP ON THEIR EFFORTS TO CURB HUMAN TRAFFICKING IN KERN COUNTY; CHAIRMAN MCLAUGHLIN THANKED STAFF FOR THEIR EFFORTS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 3) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2)) –  
**NO ONE HEARD**

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on December 11, 2024 –  
APPROVED  
**Pelz-Anderson: 6 Ayes**

CA

- 5) Proposed Renewal Subscription to License Agreement 04518 with Decision Resources Group, Inc., an affiliate of Clarivate PLC, on behalf of its Healthcare Business Insights Division, an independent contractor, for the period February 12, 2018 through February 11, 2025, for renewal of the Revenue Cycle Academy/E-Learning Membership, extending the term one year from February 12, 2025 through February 11, 2026, and increasing the maximum payable by \$31,570, from \$192,408 to \$223,978, to cover the extended term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 001-2025  
**Pelz-Anderson: 6 Ayes**

CA

- 6) Proposed Agreement with Patrick G. Pieper, M.D., a contract employee, for professional medical services in the Department of Surgery from February 1, 2025 through January 31, 2028, in an amount not to exceed \$2,250,000, plus applicable benefits –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 002-2025  
**Pelz-Anderson: 6 Ayes**

CA

- 7) Proposed Agreement with TK Elevator Corporation, an independent contractor, for the provision of elevator services from January 15, 2025 through January 14, 2030, in an amount not to exceed \$662,061 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 003-2025  
**Pelz-Anderson: 6 Ayes**

CA

- 8) Proposed Amendment No. 2 to Agreement 59522 with DFI Enterprises, an independent contractor, for the period September 19, 2022 through September 18, 2027, for construction project inspection services, revising the fee schedule, and increasing the maximum payable by \$1,000,000, from \$450,000 to \$1,450,000, to cover the term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 004-2025  
**Pelz-Anderson: 6 Ayes**

CA

- 9) Proposed Change Order No. 3 to Agreement 025-2024 with Heredia Cabling Solutions, Inc., an independent contractor, for the period February 21, 2024 through project completion, for installation of electrical wiring and door sensors for the 4th floor infant security system, increasing the maximum payable by \$11,203, from \$181,341 to \$192,543, to cover the project –  
MADE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(B)(3) OF STATE CEQA GUIDELINES; APPROVED;  
AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 005-2025  
**Pelz-Anderson: 6 Ayes**

CA

- 10) Proposed acceptance of donation of travel and related expenses from Arjo Inc., for one Kern Medical Center employee to attend the National Pressure Injury Advisory Panel (NPIAP) Annual Conference in Dallas, Texas, from February 26-28, 2025 –  
APPROVED; ADOPTED RESOLUTION 2025-001  
**Pelz-Anderson: 6 Ayes**

CA

- 11) Proposed acceptance of donation of travel and related expenses (conference fees only) from Liebert Cassidy Whitmore for one Kern Medical Center employee to attend the 2025 Liebert Cassidy Whitmore Annual Employment Law Conference in San Diego, California, from January 30-31, 2025 –  
APPROVED; ADOPTED RESOLUTION 2025-002  
**Pelz-Anderson: 6 Ayes**

CA

- 12) Proposed annual report on the structural performance of Kern Medical Center buildings in compliance with Health and Safety Code section 130066.5 –  
RECEIVED AND FILED  
**Pelz-Anderson: 6 Ayes**

CA

- 13) Proposed Master Equipment and Products Agreement with Siemens Healthcare Diagnostics, an independent contractor, for replacement of laboratory equipment, service, and consumables from January 15, 2025 through January 14, 2032, in an amount not to exceed \$8,000,000, plus applicable taxes and fees –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 006-2025  
**Pelz-Anderson: 6 Ayes**

CA

- 14) Proposed Amendment to Customer Agreement 053-2021C with Stericycle, Inc., an independent contractor, for the period September 1, 2021 through August 31, 2026, for additional controlled substance waste containers, increasing the aggregate cost by \$49,305

over the term, effective January 15, 2025 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 007-2025  
**Pelz-Anderson: 6 Ayes**

CA  
15) Proposed Affiliation Agreement with Idaho State University, an independent contractor, containing nonstandard terms and conditions, for clinical training of Physician Assistant students, from February 1, 2025 through July 31, 2025 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 008-2025  
**Pelz-Anderson: 6 Ayes**

CA  
16) Proposed updated Conflict of Interest Policy and Code for Kern County Hospital Authority –  
APPROVED; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL  
**Pelz-Anderson: 6 Ayes**

CA  
17) Proposed 2024 Annual Comprehensive Financial Report and 2024 Actuarial Valuation and Employer and Employee Contribution Rates from Kern County Employees' Retirement Association (KCERA) –  
RECEIVED AND FILED  
**Pelz-Anderson: 6 Ayes**

CA  
18) Proposed Invoice 2025003 with Astanza, LLC, an independent contractor, containing nonstandard terms and conditions, for laser maintenance services from January 29, 2025 through January 29, 2026, in an amount not to exceed \$11,999 –  
APPROVED AGREEMENT 009-2025  
**Pelz-Anderson: 6 Ayes**

CA  
19) Proposed Master Services and Business Associate Agreement with Augmedix Operating Corp., an independent contractor, containing nonstandard terms and conditions, for purchase of virtual, real-time medical documentation assistance from January 15, 2025 through January 14, 2026, in an amount not to exceed \$72,000 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 010-2025  
**Pelz-Anderson: 6 Ayes**

CA  
20) Proposed Co-Applicant Agreement between Kern County Hospital Authority and Kern County Hospital Authority Community Health Center Board of Directors, effective January 15, 2025, and remaining in effect during the Health Center Program project of any and all periods of Federally Qualified Health Center Look-Alike certification with the Community Health Center Board of Directors as its co-applicant –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 011-2025  
**Pelz-Anderson: 6 Ayes**

CA  
21) Proposed Resolution Establishing the Kern County Hospital Authority Community Health Center Board of Directors and Appointing Initial Members –  
APPROVED; ADOPTED RESOLUTION 2025-003  
**Pelz-Anderson: 6 Ayes**

- 22) Presentation on Report of Independent Auditors from Moss Adams LLP regarding the audit of Kern Medical Center financial statements for the fiscal year ended June 30, 2024 – STACY STELARIEDE, CPA, AND KRISTEN OLKO, CPA, OF MOSS ADAMS LLP MADE PRESENTATION; DIRECTORS ANDERSON AND POLLARD HEARD REGARDING GUIDANCE TO MITIGATE POTENTIAL RISKS; RECEIVED AND FILED; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS  
**Anderson-Pollard: 6 Ayes**
- 23) Proposed retroactive Quote Q-34534 and Statement of Work with Workato Inc., an independent contractor, for purchase of automation software and training from January 5, 2025 through January 4, 2028, in an amount not to exceed \$493,695 – CO-CHIEF INFORMATION OFFICER EZZAT KHALIL HEARD REGARDING RETROACTIVITY OF ITEM 23; DIRECTOR POLLARD HEARD REGARDING THE PLAN FOR SERVICES AND SUPPORT AFTER THE CONTRACT EXPIRES IN 2028; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 012-2025  
**Berjis-Pelz: 6 Ayes**
- 24) Report on Kern Medical Center Undergraduate and Graduate Medical Education – CHIEF MEDICAL OFFICER GLENN GOLDIS, M.D., HEARD; DIRECTOR POLLARD HEARD REGARDING SUPPORT FROM STATE ELECTED OFFICIALS; RECEIVED AND FILED  
**Pollard-Merz: 6 Ayes**
- 25) Kern County Hospital Authority Chief Financial Officer report – CHIEF FINANCIAL OFFICER ANDREW CANTU HEARD; RECEIVED AND FILED  
**Pollard-Pelz: 6 Ayes**
- 26) Kern County Hospital Authority Chief Executive Officer report – CHIEF EXECUTIVE OFFICER SCOTT THYGERSON HEARD; RECEIVED AND FILED  
**Pollard-Pelz: 6 Ayes**
- CA  
27) Monthly report on What's Happening at Kern Medical Center – RECEIVED AND FILED  
**Pelz-Anderson: 6 Ayes**
- CA  
28) Claims and Lawsuits Filed as of December 31, 2024 – RECEIVED AND FILED  
**Pelz-Anderson: 6 Ayes**

ADJOURNED TO CLOSED SESSION  
**Berjis-Anderson**

CLOSED SESSION

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

- 30) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 31) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Rous, Lyn, Applicant v. County of Kern, Defendants, Workers' Compensation Appeals Board, Case Numbers ADJ7332417; ADJ7454377 – SEE RESULTS BELOW
- 32) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Jeffry Huffman, an individual, Plaintiff, v. Kern County Hospital Authority, a California Public Entity; and DOES 1-25, inclusive, Defendants, Kern County Superior Court Case No. BCV-23-103540 – SEE RESULTS BELOW
- 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) – SEE RESULTS BELOW
- 34) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION  
**Pelz-Pollard**

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item 29 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION TAKEN

Item 30 concerning Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION TAKEN

Item 31 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Rous, Lyn, Applicant v. County of Kern, Defendants, Workers' Compensation Appeals Board, Case Numbers ADJ7332417; ADJ7454377 – 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: Jeffry Huffman, an individual, Plaintiff, v. Kern County Hospital Authority, a California Public Entity; and DOES 1-25, inclusive, Defendants, Kern County Superior Court Case No. BCV-23-103540 – HEARD; NO REPORTABLE ACTION TAKEN

Item 33 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 34 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, FEBRUARY 19, 2025 AT 11:30 A.M.

**Pollard**

/s/ Mona A. Allen  
Authority Board Coordinator

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



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

February 18, 2025

**Subject:**

Proposed First 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 29, 2025, amending the Amended and Restated Credit Agreement (as previously approved by the Board of Governors) to extend the maturity date of the Line of Credit to May 29, 2035, provided that the Line of Credit shall otherwise be substantially on the same terms set out in the Amended and Restated Credit Agreement and that any indebtedness incurred thereunder at any time shall be secured only by personal property, substantially the same as the personal property described in the previously executed General Security and Pledge Agreement, in favor of PNC Bank, and delegating authority to certain officers

**Recommended Action:**

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

**Summary:**

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

On February 21, 2024, your Board adopted Resolution No. 2024-004, which, among other things, approved the extension of the maturity date of the Line of Credit to February 28, 2025 and the terms and provisions of the Second Amended and Restated Credit Agreement, including the increase of the maximum available principal amount of credit under the Line of Credit to \$30,000,000.

Amending the Second Amended and Restated Credit Agreement by executing the First Amendment to Second Amended and Restated Credit Agreement to extend the maturity date of the Line of Credit to May 29, 2025 is advisable and in the best interests of the Authority.

Members, Board of Governors

February 18, 2025

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To do so requires that your Board authorize and approve the extension of the maturity date of the Line of Credit to a date not later than May 29, 2025 and the First Amendment to the Second Amended and Restated Credit Agreement, provided that the Line of Credit shall otherwise be substantially on the same terms set out in the Amended and Restated Credit Agreement and that any indebtedness incurred thereunder at any time shall be secured only by personal property, substantially the same as the personal property described in the General Security and Pledge Agreement previously executed by the Authority, in favor of PNC Bank.

PNC Bank suggested a short-term extension of the maturity date to allow time for receipt and review of the Authority's audited financials prior to engaging in negotiations for an amendment to the existing credit agreement.

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



**FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

This FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this “*Amendment*”) dated February 20, 2025 (the “*Amendment Effective Date*”), is between Kern County Hospital Authority (the “*Authority*”) and PNC Bank, National Association (in such capacity, together with its successors and assigns, the “*Bank*”). All terms used herein and not defined herein shall have the meanings assigned to such terms in the hereinafter defined Agreement.

**WITNESSETH**

WHEREAS, the Authority and the Bank have previously entered into the Second Amended and Restated Credit Agreement dated as of February 29, 2024 (as amended, restated, supplemented or otherwise modified to date, the “*Agreement*”), pursuant to which the Bank agreed to make one or more Loans to the Authority subject to the terms and conditions set forth in the Agreement;

WHEREAS, pursuant to Section 9.3 of the Agreement, the Agreement may be amended by a written amendment thereto, signed by the Authority and the Bank;

WHEREAS, the parties hereto wish to amend the Agreement as set forth herein;

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. AMENDMENTS TO CREDIT AGREEMENT.

Upon satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement shall be amended as follows:

1.01. The definition of the term “*Scheduled Maturity Date*” set forth in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

“*Scheduled Maturity Date*” means May 29, 2025, as such date may be extended in accordance with Section 3.11 hereof.

2. CONDITIONS PRECEDENT.

This Amendment shall be deemed effective on the Amendment Effective Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent (such satisfaction to be evidenced by the Bank’s execution and delivery of this Amendment):

2.01. Delivery by the Authority of an executed counterpart of this Amendment.

2.02. Delivery to the Bank of an opinion of counsel to the Authority, addressed to the Bank and in form and substance satisfactory to the Bank and its counsel.

2.03. Receipt by the Bank of (i) a certified copy of the authorizing resolution of the Authority approving the execution and delivery and performance of its obligations under the Agreement, as amended hereby, and the Bank Note, and (ii) a customary certificate executed by appropriate officers of the Authority including the incumbency and signature of the officer of the Authority executing this Amendment.

2.04. Payment to the Bank on the Amendment Effective Date of the reasonable legal fees and expenses of counsel to the Bank.

2.05. All other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to the Bank and its counsel.

3. REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY.

3.01. The Authority hereby represents and warrants that the following statements shall be true and correct as of the date hereof:

(a) the representations and warranties of the Authority contained in Section 5 of the Agreement and in each of the Loan Documents are true and correct on and as of the date hereof as though made on and as of such date (except to the extent the same expressly relate to an earlier date and except that the representations contained in Section 5.7 of the Agreement shall be deemed to refer to the most recent financial statements of the Authority delivered to the Bank pursuant to Section 7.5(a) of the Agreement); and

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Amendment.

3.02. In addition to the representations given in Section 5 of the Agreement, the Authority hereby represents and warrants as follows:

(a) The execution, delivery and performance by the Authority of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Authority.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Authority of this Amendment or the Agreement, as amended hereby.

(c) This Amendment and the Agreement, as amended hereby, constitute valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, the exercise of

judicial discretion in appropriate cases and by the limitations on legal remedies against the Authority, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

4. MISCELLANEOUS.

Except as specifically amended herein, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement or any communication issued or made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement or the Bank shall be sufficient to refer to the Agreement, as hereby amended. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. All capitalized terms used herein without definition shall have the same meanings herein as they have in the Agreement. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers hereunto duly authorized as of the Amendment Effective Date.

*“AUTHORITY”*

KERN COUNTY HOSPITAL AUTHORITY

By: \_\_\_\_\_  
Name: Scott Thygerson  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: Andrew J. Cantu  
Title: Chief Financial Officer

REVIEWED AS TO FORM:

By: \_\_\_\_\_  
Name: Karen S. Barnes  
Title: Vice President & General Counsel,  
Kern County Hospital Authority

*“BANK”*

PNC BANK, NATIONAL ASSOCIATION

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

Name: Amira Nagati

Title: Senior Vice President

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

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In the matter of:

Resolution No. 2025-004

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

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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 February, 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

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Mona A. Allen

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**RESOLUTION**

Section 1. WHEREAS:

(a) On February 20, 2019, the Board of Governors adopted Resolution No. 2019-004, which, among other things, authorized and approved the Kern County Hospital Authority (the "Authority") to incur debt pursuant to a revolving line of credit to

be provided by PNC Bank, National Association (“PNC Bank”), and authorized certain officers of the Authority to execute, acknowledge, deliver, record and file such agreements, documents, instruments and certificates necessary to effect the purposes of Resolution No. 2019-004;

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

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

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

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

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

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

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

(i) On February 21, 2024, the Board of Governors adopted Resolution No. 2024-004, which, among other things, approved the extension of the maturity date of the Line of Credit to February 28, 2025 and the terms and provisions of the Second Amended and Restated Credit Agreement, including the increase of the maximum available principal amount of credit under the Line of Credit to \$30,000,000;

(j) Management of the Authority has advised this Board that amending the Second Amended and Restated Credit Agreement by executing the First Amendment to Second Amended and Restated Credit Agreement to extend the maturity date of the Line of Credit to May 29, 2025 is advisable and in the best interests of the Authority.

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

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

2. This Board hereby authorizes and approves the extension of the maturity date of the Line of Credit to a date not later than May 29, 2025 , 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 General Security and Pledge Agreement previously executed by the Authority, in favor of PNC Bank.

3. This Board hereby authorizes and directs any two of the following officers (each, an “Authorized Officer”), for and in the name of and on behalf of the Authority, to execute the First Amendment to Second Amended and Restated Credit Agreement, as the Authorized Officers executing the same, together with the Vice President & General Counsel of the Authority, shall approve: Chairman of this Board, Vice-Chairman of this Board, Chief Executive Officer of the Authority, or Chief Financial Officer of the Authority. The execution by any two Authorized Officers shall evidence the approval hereby required.

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

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

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



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

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

Kern Medical Center  
Legal Services Department  
PNC Bank, National Association

## CERTIFICATE OF KERN COUNTY HOSPITAL AUTHORITY

The undersigned appointed and qualified officers of the Kern County Hospital Authority, a local unit of government organized under the laws of the State of California (the "Authority"), hereby certify that the attached copies of the:

- A. General Security and Pledge Agreement between the Authority and PNC Bank, National Association (the "Bank"), dated as of March 1, 2019 (the "Security Agreement")
- B. Deposit Account Control Agreement between PNC Bank National Association as Creditor, the Authority and the Bank, dated as of March 1, 2019 (the "Deposit Account Control Agreement")
- C. Agreement for Health Care Services, Finance and Support between the County of Kern and the Authority, dated as of July 1, 2016 and as amended by Amendment No.1, dated as of March 19, 2019 and by Amendment No. 2, dated as of August 10, 2021 (collectively, the "Support Agreement" and, together with the Security Agreement and the Deposit Account Control Agreement, the "Agreements")

have been compared with the original Agreements on file in the records of the Authority; and that the copies attached hereto are true and correct copies of said originals, and the same is in full force and effect, and has not been amended, modified or terminated.

*[Remainder of Page Intentionally Left Blank]*

Dated: February 20, 2025

**KERN COUNTY HOSPITAL AUTHORITY**

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

By: \_\_\_\_\_  
Andrew Cantu  
Chief Financial Officer

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Karen S. Barnes  
Vice President & General Counsel,  
Kern County Hospital Authority

**CERTIFICATE REGARDING RESOLUTION NO. 2025-004  
OF THE BOARD OF GOVERNORS OF  
KERN COUNTY HOSPITAL AUTHORITY**

The undersigned appointed and qualified officers of the Kern County Hospital Authority, a local unit of government organized under the laws of the State of California (the “Authority”), hereby certify that attached hereto is a full, true, correct and complete copy of Resolution No. 2025-004 (the “Resolution”), duly adopted by the Board of Governors of the Authority on February 18, 2025 and to the best of their knowledge, the Resolution has not been amended, modified or rescinded since the date of said adoption, and is now in full force and effect as of the date hereof.

*[Remainder of Page Intentionally Left Blank]*

Dated: February 20, 2025

**KERN COUNTY HOSPITAL AUTHORITY**

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

By: \_\_\_\_\_  
Andrew Cantu  
Chief Financial Officer

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Karen S. Barnes  
Vice President & General Counsel,  
Kern County Hospital Authority

**KERN COUNTY HOSPITAL AUTHORITY  
INCUMBENCY AND CLOSING CERTIFICATE**

The undersigned hereby state and certify that the following persons are now duly elected or, as applicable, appointed and qualified officers of the Kern County Hospital Authority, a local unit of government organized under the laws of the State of California (the “Authority”), holding the offices indicated next to their respective names below, and the signatures appearing opposite their respective names below are the true and genuine signatures of such officers, and, subject to the terms of Resolution No. 2025-004 of the Board of Governors of the Authority (the “Resolution”), adopted on February 18, 2025 (which terms require, *inter alia*, that the execution by any two Authorized Officers of the First Amendment to Second Amended and Restated Credit Agreement dated February 20, 2025 (the “First Amendment”), between the Authority and PNC Bank, National Association (the “Bank”), and of such other agreements, documents, instruments and certificates, and revisions and corrections thereof and amendments thereto, in each case in a form approved by the Vice President & General Counsel of the Authority, shall evidence the Authority’s approval thereof), each of such officers is duly authorized to execute and deliver on behalf of the Authority, the First Amendment, and any certificate or other document to be delivered by the Authority pursuant to or in connection with the First Amendment:

*[Remainder of Page Intentionally Left Blank]*

<b>Name</b>	<b>Office</b>	<b>Signature</b>
Philip McLaughlin	Chairman of the Board of Governors	_____
Scott Thygerson	Chief Executive Officer of the Authority	_____
Andrew Cantu	Chief Financial Officer of the Authority	_____

All capitalized terms used and not otherwise defined in this Certificate shall have the meaning ascribed to them in the Resolution.

*[Remainder of Page Intentionally Left Blank]*

Dated: February 20, 2025

**KERN COUNTY HOSPITAL AUTHORITY**

By: \_\_\_\_\_  
Scott Thygeron  
Chief Executive Officer

By: \_\_\_\_\_  
Andrew Cantu  
Chief Financial Officer

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Karen S. Barnes  
Vice President & General Counsel,  
Kern County Hospital Authority





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

February 18, 2025

**Subject:** Proposed Medicare Advantage Provider Agreement with Blue Cross of California, doing business as Anthem Blue Cross and Affiliates, and Business Associate Agreement containing nonstandard terms and conditions

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

**Summary:**

Kern Medical requests your Board approve the proposed Medicare Advantage Provider Agreement with Anthem Blue Cross of California, containing nonstandard terms and conditions, for recuperative care services for Medicare beneficiaries enrolled in Anthem's Medicare Advantage Program. The Agreement is for an initial term of three (3) years, effective May 1, 2025, and will automatically renew for successive periods of one (1) year periods thereafter unless either party gives 180 days' prior written notice of termination.

Pursuant to Health and Safety Code section 101855(f), those records of the hospital authority that reveal the authority's rates of payment for health care services arranged or provided by the authority or its deliberative processes, strategies, discussions, communications, or any other portion of the negotiations with providers of health care services or Medi-Cal, health care plans, or other payers for rates of payment, shall not be required to be disclosed pursuant to the California Public Records Act (Gov. Code, § 7920.000 et seq.), or any similar local law requiring the disclosure of public records.

Counsel is unable to approve the Agreement as to form due to nonstandard terms as the Business Associate Agreement provides limited indemnification and requires the Authority to automatically reimburse the vendor for any mitigation expenses related to a PHI security incident. Staff attempted to negotiate the nonstandard term to no avail.

Therefore, it is recommended that your Board approve the Medicare Advantage Provider Agreement with Blue Cross of California, doing business as Anthem Blue Cross and Affiliates, and Business Associate Agreement containing nonstandard terms and conditions, for primary and specialty provider services to Medicare beneficiaries enrolled in Anthem's Medicare Advantage Program for an initial term of one year from May 1, 2025 through April 30, 2028, and authorize the Chairman to sign.

Kern County Hospital Authority  
Board of Governors  
Special Meeting  
02.18.25  
Agenda Item 6

**CONFIDENTIAL**

**NOT FOR PUBLIC DISCLOSURE  
HEALTH AND SAFETY CODE  
SECTION 101855(f)**



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

February 18, 2025

**Subject:** Proposed acceptance of donation of travel and related expenses from Arjo Inc. for the 2025 ASPHP National SPHM Education Conference

**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.

Arjo Inc. contracts with the Authority for the provision of patient mobility and lift equipment to enhance the quality and safety of care and patient experience. The Association of Safe Patient Handling Professionals is a nonprofit organization that brings together like-minded individuals that want to share ideas, support research and advocate for sound regulatory activity that improves and promotes safer working environment for all caregivers. The conference will offer valuable insights and tools directly applicable to improving the hospital's safe patient handling initiatives.

Arjo Inc. has offered to donate to the Authority travel and related expenses for one Authority employee to attend the 2025 National Safe Patient Handling and Mobility Education Conference, hosted by the Association of Safe Patient Handling Professionals in Atlanta, Georgia, from March 9-13, 2025.

Therefore, it is recommended that your Board adopt the attached proposed resolution to accept the travel donation from Arjo Inc. for travel and related expenses and authorize the Chief Executive Officer to designate one Authority employee to attend the 2025 National Safe Patient Handling and Mobility Education Conference in Atlanta, Georgia, from March 9-13, 2025.

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

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In the matter of:

Resolution No. 2025-\_\_\_\_

**ACCEPTANCE OF DONATION OF TRAVEL  
AND RELATED EXPENSES FROM ARJO INC.  
FOR THE 2025 ASPHP NATIONAL SPHM  
EDUCATION CONFERENCE**

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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 February, 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

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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) Arjo Inc. contracts with the Authority for the provision of patient mobility and lift equipment to enhance the quality and safety of care and patient experience; and

(c) Arjo Inc. has offered to donate to the Authority travel and related expenses for one Authority employee to attend the 2025 National Safe Patient Handling and Mobility (SPHM) Education Conference, hosted by the Association of Safe Patient Handling Professionals (ASPHP) in Atlanta, Georgia, from March 9-13, 2025; and

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

(e) The Authority desires to obtain the donation of travel and related expenses from Arjo Inc. to the Authority and will retain full control over the use of the donation; and

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

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

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

2. This Board hereby accepts from Arjo Inc. the donation of travel and related expenses for one Authority employee to travel to Atlanta, Georgia, to attend the 2025 ASPHP National SPHM Education Conference from March 9-13, 2025.

3. This Board authorizes the Chief Executive Officer to designate one Authority employee to attend the 2025 ASPHP National SPHM Education Conference from March 9-13, 2025, in Atlanta, Georgia.

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

Chief Financial Officer  
Legal Services Department  
Human Resources  
Physical Therapy Department



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

February 18, 2025

**Subject:** Proposed acceptance of donation of travel and related expenses from Alliant Insurance Services, Inc. for the 2025 Alliant Healthcare Education Forum

**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.

Alliant Insurance Services, Inc. ("Alliant") provides insurance brokerage services to the Authority. Alliant has offered to donate to the Authority all travel and related expenses for three Authority employees to attend the 2025 Alliant Healthcare Education Forum in Dallas, Texas, from February 20-21, 2025. This training session is necessary in connection with official Authority business.

Kern Medical recommends your Board adopt the attached proposed resolution to accept the travel donation from Alliant Insurance Services, Inc. for travel and related expenses and authorize the Chief Executive Officer to designate three Authority employees to attend this important conference.

**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 ALLIANT  
INSURANCE SERVICES, INC. FOR THE 2025  
ALLIANT HEALTHCARE EDUCATION FORUM**

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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 February, 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) Alliant Insurance Services, Inc. (“Alliant”) provides insurance brokerage services to the Authority; and

(c) Alliant has offered to donate to the Authority all travel and related expenses for three Authority employees to attend the 2025 Alliant Healthcare Education Forum in Dallas, Texas, from February 20-21, 2025; and

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

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

(f) Alliant has not imposed 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 Alliant the donation of travel and related expenses to cover all costs for three Authority employees to travel to Dallas, Texas, to attend the 2025 Alliant Healthcare Education Forum from February 20-21, 2025.

3. This Board authorizes the Chief Executive Officer to designate three Authority employees to attend the 2025 Alliant Healthcare Education Forum from February 20-21, 2025, in Dallas, Texas.

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

Chief Financial Officer  
Legal Services Department  
Human Resources Department





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

February 18, 2025

**Subject:** Proposed acceptance of donation of travel and related expenses from MagMutual and PRISM for ASHRM Academy 2025

**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.

MagMutual provides Health Facilities Excess Coverage insurance to the Authority; Public Risk Innovation, Solution, and Management ("PRISM") provides insurance coverage for the Authority's liability program. MagMutual and PRISM have offered to donate to the Authority all travel and related expenses for one Authority employee to attend ASHRM Academy 2025, sponsored by the American Society for Health Care Risk Management, in Orlando, Florida, from March 17-18, 2025. This training session is necessary in connection with official Authority business.

Kern Medical recommends your Board adopt the attached proposed resolution to accept the travel donation from MagMutual and PRISM for travel and related expenses and authorize the Chief Executive Officer to designate one employee to attend this important conference.

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

---

In the matter of:

Resolution No. 2025-\_\_\_\_

**ACCEPTANCE OF DONATION OF  
TRAVEL AND RELATED EXPENSES  
FROM MEDPRO AND PRISM FOR  
ASHRM ACADEMY 2025**

---

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 February, 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) MagMutual provides Health Facilities Excess Coverage insurance to the Authority; and

(c) Public Risk Innovation, Solution, and Management (“PRISM”) provides insurance coverage for the Authority’s liability program; and

(d) MagMutual and PRISM have offered to donate to the Authority all travel and related expenses for one Authority employee to attend ASHRM Academy 2025, sponsored by the American Society for Health Care Risk Management, in Orlando, Florida, from March 17-18, 2025; and

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

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

(g) Neither MagMutual nor PRISM has 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 MagMutual and PRISM the donation of travel and related expenses to cover all costs for one Authority employee to travel to Orlando, Florida, to attend ASHRM Academy 2025 from March 17-18, 2025.

3. This Board authorizes the Chief Executive Officer to designate one Authority employee to attend ASHRM Academy 2025 from March 17-18, 2025, in Orlando, Florida.

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

Chief Financial Officer  
Legal Services Department  
Human Resources Department



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

February 18, 2025

**Subject:** Proposed Personal/Professional Services Agreement with Trans-West Security Services, Inc., to provide security services for all KCHA locations

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

**Summary:**

Kern Medical requests your Board approve the proposed service Agreement with Trans-West Security Services, Inc. to provide security services to all KCHA locations from February 18, 2025 until December 31, 2027.

This proposed security service Agreement was sourced after an exhaustive review of services offered by major vendors of security service companies. Staff evaluated several proposals for service levels, quality of service, and costs, ultimately determining that Trans-West Security best meets the needs of Kern Medical. Trans-West Security is the current security vendor and is familiar with the hospital's operations. Additionally, the proposed Agreement represents a savings of \$250,000 per year.

Therefore, it is recommended that your Board approve the proposed Personal/Professional Services Agreement with Trans-West Security Services Inc., with a not to exceed amount of \$8,350,000, from February 18, 2025 to December 31, 2027, to provide security services to all KCHA locations, and authorize Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Trans-West Security Services, Inc.)**

This Agreement is made and entered into this \_\_\_\_ day of February 2025, between Kern County Hospital Authority, a local unit of government (“KCHA”), which owns and operates Kern Medical Center (“KMC”), and Trans-West Security Services, a California corporation (“Contractor”), with its principal place of business located at 8503 Crippen Street, Bakersfield, California 93311.

**I.  
RECITALS**

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

(b) KCHA requires the assistance of Contractor to provide prosthetic and orthotic services to the patients of Kern Medical, as such services are unavailable from KCHA resources; and

(d) Contractor, by reason of its qualifications and experience for doing the type of work herein contemplated, agrees to provide such services on the terms and conditions set forth in this Agreement;

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 term of this Agreement shall commence February 19, 2025 (the “Effective Date”), and shall end December 31, 2027 unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

2. **Obligations of Contractor.**

2.1 **Specified Services.** Contractor shall perform the services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference. Such services may be changed from time to time by agreement of the parties in accordance with the provisions of this Agreement.

2.2 **Representations.** Contractor makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement: (i) Contractor has the expertise and support staff necessary to provide the services described in this Agreement; and (ii) Contractor does not have any actual or potential interests adverse to KCHA nor does Contractor represent a person or firm with an interest adverse to KCHA with reference to the subject of this Agreement; and (iii) Contractor shall diligently provide all required services in a timely and professional manner in accordance with the terms and conditions set forth in this Agreement.

2.3 **Standard of Care.** KCHA has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees that all of its work will be

performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by KCHA shall not operate as a waiver or release.

2.4 Performance Standard. Contractor shall perform all services hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor's profession. If KCHA determines that any of Contractor's work is not in accordance with such level of competency and standard of care, KCHA, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with KCHA to review the quality of the work and resolve matters of concern; (b) require Contractor to repeat the work at no additional charge until it is satisfactory; (c) terminate this Agreement pursuant to the provisions of section 35; or (d) pursue any and all other remedies at law or in equity.

2.5 Assigned Personnel. Contractor shall assign only competent personnel to perform the Services hereunder. In the event that at any time KCHA, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform the Services hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from KCHA.

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

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

### 3. Obligations of KCHA.

3.1 KCHA Designee. KCHA will designate a primary contact, who will arrange for KMC staff assistance as may be required.

3.2 Control Retained in KMC. In compliance with title 22, California Code of Regulations, section 70713 KMC will retain professional and administrative responsibility for services rendered under this Agreement. Contractor shall apprise KMC of recommendations, plans for implementation and continuing assessment through dated and signed reports which shall be retained by KMC for follow-up action and evaluation of performance.

### 4. Payment for Services.

4.1 Fees and Charges. As consideration for the services provided by Contractor hereunder, KCHA will pay Contractor in accordance with the fee schedule set forth in Exhibit "B," attached hereto and incorporated herein by this reference. All services are payable in arrears.

4.2 Invoices. Invoices for payment shall be submitted in a form approved by KCHA and list each

service performed. Invoices and receipts shall be sent to KCHA for review and processing within 60 days of the date of service or payment will not be made. Payment shall be made to Contractor within 30 days of receipt and approval of each invoice by KMC.

4.3 **Maximum Payable.** The maximum payable under this Agreement will not exceed \$8,350,000 over the term of this Agreement paid as follows:

4.4 **Taxpayer Identification.** To ensure compensation is reported as paid to the proper party, Contractor will complete and execute IRS Form W-9 (Exhibit "A-1," attached hereto and incorporated herein by this reference), which identifies the taxpayer identification number for Contractor.

5. **Access to Books and Records.** Until the expiration of four (4) years after the expiration or termination of this Agreement, KMC and Contractor shall make available, upon written request of the Secretary of the United States Secretary of Health and Human Services ("Secretary") or the Comptroller General of the United States General Accounting Office ("Comptroller General"), or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records of either party as are necessary to certify the nature and extent of costs of the services Contractor provided under this Agreement. Contractor further agrees that if it carries out any of its duties under this Agreement through a subcontract with a value or cost of \$10,000 or more over a 12-month period with a related organization, that such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

6. **Anti-referral Laws.** The parties expressly agree that nothing contained in this Agreement will require either the referral of any patients to, or order of any goods or services from Contractor or Kern Medical. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly or intentionally conduct itself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 U.S.C. section 1320a-7b).

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

8. **Audits, Inspection and Retention of Records.** Contractor agrees to maintain and make available to KCHA accurate books and records relative to all its activities under this Agreement. Contractor shall permit KCHA to audit, examine and make excerpts and transcripts from such records, and to conduct audits or reviews of all invoices, materials, records or personnel or other data related to all other matters covered by this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than four (4) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The state of California or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon KCHA herein.

9. **Authority to Bind KCHA.** It is understood that Contractor, in its performance of any and all duties under this Agreement, has no authority to bind KCHA to any agreements or undertakings.

10. **Captions.** The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

11. **Change in Law.** In the event that a change in state or federal law or regulatory requirement (or the

application thereof), any of which renders this Agreement illegal, impossible to perform, or commercially impracticable, the parties agree to negotiate immediately, in good faith, any necessary or appropriate amendments(s) to the terms of this Agreement. If the parties fail to reach a mutually agreeable amendment within 30 days of such negotiation period, this Agreement shall automatically terminate at the end of such 30-day period.

12. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the state of California. It is expressly acknowledged that this Agreement has been entered into and will be performed within the County of Kern. Should any suit or action be commenced to enforce or interpret the terms of this Agreement or any claim arising under it, it is expressly agreed that proper venue shall be in County of Kern, state of California.

13. **Compliance with Law.** Contractor shall observe and comply with all applicable county, 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.

14. **Compliance Program.** Contractor acknowledges that Kern Medical has implemented a compliance program for the purpose of ensuring adherence to applicable federal and state laws, regulations and other standards. Contractor agrees that in the course of performance of its duties described herein that it shall act, and cause its employees to act, in conformance with the policies set forth therein. Kern Medical shall make available such information relating to its compliance program as is appropriate to assist Contractor in adhering to the policies set forth in the compliance program. Contractor and its employees shall participate in compliance training and education as reasonably requested by Kern Medical.

15. **Confidentiality.**

15.1 **Use and Disclosure Restrictions.** Neither party shall, without the written consent of the other, communicate confidential information of the other, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that the receiving party would protect its own confidential information. The foregoing obligations will not restrict either party from disclosing confidential information of the other party: (i) pursuant to applicable law; (ii) pursuant to the order or requirement of a court, administrative agency, or other governmental body, on condition that the party required to make such a disclosure gives reasonable written notice to the other party to contest such order or requirement; and (iii) on a confidential basis to its legal or financial advisors.

15.2 **Trade Secrets.** The parties acknowledge that each party, in connection with its business, has developed certain operating manuals, symbols, trademarks, trade names, service marks, designs, patient lists, procedures, processes, and other copyrighted, patented, trademarked, or legally protectable information which is confidential and proprietary to the party that constitute its trade secrets. The parties shall not use any name, symbol, mark, or other proprietary information of the other party except as expressly permitted.

15.3 **Medical Records.** If applicable, the parties agree to maintain the confidentiality of all medical records pertaining to the provision of services under this Agreement in accordance with applicable federal and state laws and regulations including, but not limited to, the California Confidentiality of Medical Records Information Act, codified at section 56.1 of the California Civil Code, California Evidence Code sections 1156 and 1157, and the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations.

15.4 **Protected Health Information.** Contractor and KCHA recognize that in performing services,



Contractor may receive, create or otherwise have access to protected health information (“PHI”) and thereby become a business associate of KCHA or KMC (as defined by the privacy, security, breach notification, and enforcement rules at 45 C.F.R. Part 160 and Part 164). Accordingly, the parties shall protect PHI in accordance with the HIPAA Business Associate Addendum, attached as Exhibit “D” and incorporated herein by this reference. In the event of a conflict between Exhibit “D” and any other confidentiality provision of this Agreement, Exhibit “D” shall control.

15.5 **Ownership of Records.** All documents, papers, notes, memoranda, computer files and other written or electronic records of any kind (“Documents”), in whatever form or format, assembled, prepared or utilized by Contractor or Contractor’s assigned personnel during and in connection with this Agreement shall remain the property of KCHA at all times. Upon the expiration or termination of this Agreement, Contractor shall promptly deliver to KCHA all such Documents, which have not already been provided to KCHA in such form or format as KCHA deems appropriate. Such Documents shall be and will remain the property of KCHA without restriction or limitation. Contractor may retain copies of the above described Documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of KCHA. KCHA further recognizes and agrees that in delivering the Documents under this Agreement, the Contractor may create new proprietary tools and analytics and that any such new proprietary tools and analytics are not included in the ownership of the Documents that belong to KCHA.

16. **Conflict of Interest.** Contractor covenants that it has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, KCHA may immediately terminate this Agreement by giving written notice thereof.

17. **Consent.** Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

18. **Construction.** To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and KCHA acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and KCHA acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

19. **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.

20. **Disqualified Persons.** The parties mutually represent and warrant to one another that they and their respective representatives are not: (i) currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. section 1320a-7b-(f) (the “Federal health care programs”) and/or present on the exclusion database of the Office of the Inspector General (“OIG”) or the Government Services Administration (“GSA”); (ii) convicted of a criminal offense related to the provision of health care items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) debarred, suspended, excluded or disqualified by any federal

governmental agency or department or otherwise declared ineligible from receiving federal contracts or federally approved subcontracts or from receiving federal financial and nonfinancial assistance and benefits. This shall be an ongoing representation and warranty during the term of this Agreement and a party shall immediately notify the other party of any change in the status of any of the representations and/or warranties set forth in this section. Any breach of this section shall give the non-breaching party the right to terminate this Agreement immediately.

21. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to KCHA 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.

22. **Immigration Compliance.** Contractor shall comply with all provisions of immigration law with respect to hiring, recruiting or referring for employment persons whose authorization for employment in the United States has been verified, and shall provide KMC with a copy of such verification required in 8 USCA section 1324a, if requested by KCHA. Without limiting the generality of the indemnification in section 21, Contractor agrees to indemnify, defend, and hold harmless KCHA, its agents, officers, and employees, from any liability, damages, or causes of action arising out of Contractor's failure to comply with this section.

23. **Indemnification and Hold Harmless.** Contractor agrees to indemnify, defend and hold harmless KCHA and KCHA's agents, board members, elected and appointed officials and officers, employees, volunteers and authorized representatives from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs, and expenses (including, but not limited to, reasonable attorneys' fees of KCHA Counsel and counsel retained by KCHA, expert fees, costs of staff time, and investigation costs) of whatever kind or nature, which arise out of or are in any way connected with any negligent act or omission of Contractor or Contractor's officers, agents, employees, independent contractors, subcontractors of any tier, or authorized representatives. Without limiting the generality of the foregoing, the same shall include bodily and personal injury or death to any person or persons; damage to any property, regardless of where located, including the property of KCHA; and any workers' compensation claim or suit arising from or connected with any services performed pursuant to this Agreement on behalf of Contractor by any person or entity.

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

25. **Informal Dispute Resolution.** Controversies between the parties with respect to this Agreement, or the rights of either party, or with respect to any transaction contemplated by this Agreement, shall be resolved, to the extent possible, by informal meetings and discussions among appropriate representatives of the parties.

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

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

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

29. **No Third Party Beneficiaries.** It is expressly understood and agreed that the enforcement of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to KCHA and Contractor. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of KCHA and Contractor that any such person or entity, other than KCHA or Contractor, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

30. **Non-Appropriation.** KCHA 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, KCHA will be released from any further financial obligation to Contractor, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Contractor will be given 30 days' prior written notice in the event that KCHA requires such an action.

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

32. **Nondiscrimination.** Neither Contractor, nor any officer, agent, employee, servant or subcontractor of Contractor shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, ancestry, national origin, religion, sex, actual or perceived sexual orientation, marital status, age, pregnancy, medical condition, handicap or other prohibited basis, either directly, indirectly or through contractual or other arrangements.

33. **Non-solicitation.** During the term of this Agreement and for a period of one (1) year thereafter, neither party nor any of their affiliates shall, without the prior written approval of the other (i) employ, retain, offer employment to or offer retention of any person who is or was employed by or under contract with the non-soliciting party during the term of this Agreement, or (ii) solicit, advise or otherwise do, or attempt to do, business with any employee or independent contractor of the non-soliciting party who is or was employed by or under contract with the non-soliciting party during the term of this Agreement.

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

35. **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 Contractor: Trans-West Security Services, Inc.

8503 Crippen Street  
Bakersfield, CA 93311  
Attn: CEO

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

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

37. **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.

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

39. **Sole Agreement.** This Agreement, including all attachments hereto, 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.

40. **Termination.**

40.1 **Termination with Cause.** Either party may terminate this Agreement in the event of a material breach by the other; provided, however, the termination for the breach of this Agreement will not become effective unless and until the party not in default, has given the other party written notice of breach, which notice shall state the general nature of the breach, and the party allegedly in default will thereafter have a period of 30 days following the giving of said notice in which to remedy the default to the reasonable satisfaction of the other party. If the alleged default is of the kind that cannot be cured within 30 days, then the party allegedly in default will have an additional 30 days in which to remedy the breach as long as such party is acting in good faith and using diligent efforts to remedy such breach throughout the cure period.

40.2 **Termination without Cause.** Either party may terminate this Agreement, without cause, upon 30 days' prior written notice to the other party.

40.3 **Immediate Termination.** Notwithstanding the foregoing, KCHA shall have the right to terminate this Agreement effective immediately after giving written notice to Contractor, for any of the following reasons: (i) KCHA determines that Contractor does not have the proper credentials, experience or skill to perform the required services under this Agreement; (ii) continuation by Contractor in the providing of services may result in civil, criminal, or monetary penalties against KCHA or KMC; (iii) the violation of

any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which KCHA or KMC is subject; (iv) an unauthorized use or disclosure of confidential or proprietary information by Contractor which causes material harm to KCHA or KMC; (v) commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty by Contractor against KCHA or KMC; (vi) the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal, due to the actions of Contractor; or (vii) the failure of Contractor to cure a default within the time allowed in section 35.1.

41. **Effect of Termination.**

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

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

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

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


[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.

KERN COUNTY HOSPITAL AUTHORITY

TRANS-WEST SECURITY SERVICES, INC.

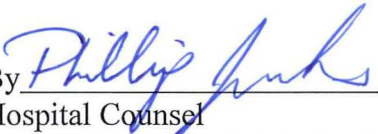
By \_\_\_\_\_  
Chair, Board of Governors

By   
Name: \_\_\_\_\_  
Title:

APPROVED AS TO CONTENT:  
KERN MEDICAL CENTER

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

APPROVED AS TO FORM:  
Legal Services Department

By   
Hospital Counsel  
Kern County Hospital Authority

**EXHIBIT A**  
**DESCRIPTION OF SERVICES**  
Kern County Hospital Authority Security Requirements

Facilities: KMC- Main Campus  
1700 Mt. Vernon  
Ave.  
Bakersfield, CA  
93306

KMC Outpatient Clinics - Columbus  
Clinic 1111 Columbus Street  
Bakersfield, CA 93305

KMC Outpatient Clinic - Q Street  
Clinic 3551 Q Street  
Bakersfield, CA 93306

KMC is a facility that operates 24 hours per day, 7 days per week including all holidays. KMC has approximately 40 security officers on staff scheduled appropriately and in collaboration with KMC's Security Director.

\*KMC Outpatient Columbus Clinic officers are assigned two different shifts: 6:00 a.m. to 2:00 p.m. and 2:00 p.m. to 10:00 p.m.

\* KMC Outpatient Q Street Clinic officer is assigned 7:00 a.m. - 6:00 p.m. (Monday- Friday) To meet the requirements of KMC, the Contractor must provide the following:

- Contractor will conduct interviews and chose the appropriate candidate based on interviews
- Officers are to be professionally dressed in uniform and issued equipment glove pouch handcuffs, handcuff holder, radio holder, duty belt, pepper foam, pepper foam holders when applicable and keepers.
  - Special requirements
    - Only long sleeve shirts may be worn while on duty at KMC.
    - Officers shall be required to have a "guard card."
    - Officers shall have no felonies to include theft or drug related convictions of any type.
    - Officers shall have no visible tattoos, facial or faddish piercings.
- Use of an automated Daily Activity Reporting (DAR) System.
  - Provide real-time electronic software reporting system for purposes of documentation, reporting and managing data and statistics.
  - Must provide categorical summary reports.
- Drug and Alcohol Program to include Safety Sensitive Compliance.
  - Include copy of the overall program
  - Employee acknowledgement requirements

- Pre-employment testing
  - Post-accident /incident testing
  - For cause testing
  - Random Testing (to be administered by a 3<sup>rd</sup> party)
  - KMC non-expanded panel criteria for drug screening shall be used.
- Provide on Site Project Manager/Post Supervisor
  - Must be AVADE Instructor and/or Trained within 7 days of assignment

#### **Security Manager/Post Supervisor Requirements**

- Must demonstrate competence in security.
- Must conduct business with high-level of professionalism.
- Must possess excellent public speaking and presentation skills.
- Must be able to track, analyze and report statistical data as needed.
- Must be fluent in MS Office Suite, especially Word, Excel and PowerPoint.
- Must have experience creating Emergency Action Plans.
- Minimum of 5 years of supervisory experience with at least 15 to 20 employees. Or a culmination of experience and education may be substituted in lieu of 5 years Supervisory experience with KMC Security Director approval.
- Security Manager/Post Supervisor Certifications (to be provided by or paid for by vendor and completed within 1 month of hire date)
  - CPR/First Aid Trained
  - Defensive Driver Training (Defensive Driving, Fatigued Driving and Foul Weather Driving)
  - Participate in and support professional development opportunities

#### **Security Manager/Post Supervisor Job Description**

- Oversee and direct operations for all security staff.
- Foster a professional, customer service driven culture with all security staff.
- Design, recommend, and draft appropriate safety and security policies and procedures.
- Actively participate on the Safety and Environment of Care (EOC) Committee in the review, development and maintenance of the Security Management Plan and report out monthly, bi monthly and annually to the EOC committee.
- Actively participate on the Emergency Management Committee in the review, development and maintenance of the Emergency Maintenance Operation Plan.
- Actively participate, support and assist with Emergency Management coordination functions.
- Ensure training compliance of security staff on adopted KMC safety and security policies and procedures.
- Assist KMC management staff in the identification and resolution of safety and security issues.
- Assist KMC Security Director and management staff in meeting regulatory requirements for the environment.
- Perform Hazard Surveillance Rounds as required by the KMC Safety Plan.



- Assist in the management and maintenance of the badge and access control system for the hospital.
- Track and monitor activities associated with Key Performance Indicators (KPI's) as outlined in the contract to ensure compliance.
  - Provide Contractor leadership with regular status updates.
  - In the event a KPI is trending towards non-compliance, notify Contractor leadership immediately and establish a mitigation plan to avoid non-compliance.
- Ensure security staff is adhering to a shift change processes.
  - All security personnel shift change at assigned post.
  - Oncoming Security shift leads will conduct a briefing/ daily team huddle prior to each shift with I&MC staff at assigned post.
- Implement and maintain Communication Plan consisting of:
  - Open channel of communication at all times with I&MC Director of Security.
  - Weekly security updates delivered to I&MC Director of Security.
  - As agreed upon with Department Leads, attend and participate in Department Meetings.
  - Facilitate Monthly Business Review Meetings with Contractor and I&MC Director of Security.
  - Facilitate Quarterly Business Review Meetings with Contractor and I&MC Security Director.
  - Create and Maintain Action Item Log for Meetings. Distribute to Contractor and I&MC Security Director as needed.
- Attendance at monthly planned meetings.
- Participate in all Hospital audits, evaluations, drills and other requested activities per I&MC Leadership.
- Initiate and Facilitate Bi-Annual Security Risk Assessment as required by contract.
  - Coordinate contracted security firm for assessments.
  - Review and present findings accordingly.
  - Assist in developing a prioritized action plan/ Recommendations tracking tool for I&MC aimed at minimizing the hospital's vulnerabilities.
  - Insure New Crime Cast report/ CAP index score biannually in conjunction with the Bi annual Security Risk Assessment.
- Initiate and Facilitate Bi-Annual Security Action Plan reviews as required by contract.
  - o Propose changes to policies and procedures using data analysis.
- Participate in any identification of opportunities and improvements of process and procedures.
- Oversee ongoing training and meeting of security employees.
- Complete daily (prior 24 hours) and weekly (entire week) briefings to I&MC Security Director.
- Ensure completion of bi-annual Security Officer Performance Evaluations.
- Ensure officer compliance to all El Sevier E-learning assignments.

Security Officers

KMC /Security Levels - Progression Plan

KMC Level 1	KMC Level 2	KMC Level 3	KMC -Level 4	Requirements
KMC Orientation	KMC Orientation	KMC Orientation	KMC Orientation	Required prior to assignment
Guard Card	Guard Card	Guard Card	Guard Card	Required prior to assignment
Annual TB Testing	Annual TB Testing	Annual TB Testing	Annual TB Testing	Required prior to assignment
AVADE Training	AVADE Training	AVADE Training	AVADE Training	Once achieved, certification must be maintained
Participate in KMC Site training to include: Infant and Child abduction, heliport training, communication and report writing, forensic/safety officer training, emergency/triage training and any and all OJT trainings provided	All KMC Site training completed e.g., Infant and Child abduction, heliport training, communication and report writing, forensic/safety officer training, emergency/triage training and any and all OJT trainings provided	All KMC Site training completed e.g., Infant and Child abduction, heliport training, communication and report writing, forensic/safety officer training, emergency/triage training and any and all OJT trainings provided	All KMC Site training completed e.g., Infant and Child abduction, heliport training, communication and report writing, forensic/safety officer training, emergency/triage training and any and all OJT trainings provided	Once achieved, certification must be maintained
	CPR training completed	CPR training certification maintained	CPR training certification maintained	Once achieved, certification must be maintained
	Officer is a candidate for Level 2 once training activates are completed; and officer has demonstrated competency for working all security posts successfully for a 3- month period	Officer is a candidate for Level 3 if officers selected to or promoted to assistant shift supervisor (Robert) and show competency to lead a shift	Officer may achieve Level 4 if officers selected to or promoted to shift supervisor (Sam) and show competency to lead a shift	Successful employee performance rating must be maintained.

New security officer candidates may be considered for accelerated advancement through the levels of the progression plan immediately dependent upon experience and/or background and at the discretion of KMC Administration.

Cost above training shall be incurred by Contractor

Note: ALL of the above training must fall within the Joint Commission Guidelines and all regulatory agencies that govern our health care practices.

### Security\_ Officer Duties

- Maintain a professional customer service oriented presence at all times.
- Patrol appropriate premises at directed intervals.
- Patrol of parking areas on a regular basis and as determined by KMC Administration.
- Provide escort services for night shift employees to the parking lot.
- Respond to calls for assistance and administer the appropriate assistance to other related control problems.
- Door checks with the prompt reporting to the KMC Department Manager.
- Ensure best efforts to prevent acts of vandalism, theft, assault, and the access control system.
- Assist in the enforcement of campus parking and smoking policies.
- Apprehension and disposition is properly within jurisdiction and purview of the Security Officer.
- Assist staff on a routine basis, in the completion of specific safety requirements, i.e. fire extinguishers, lights or signage.
- After hours visitor registration and access control.
- Employee badge and access control.
- Cross train to work all posts at KMC and KMC Outpatient Clinics.
- All available officers must respond to "STAT CALLS".
- Conduct morning money runs to appropriate sites.
- Assist with security delivery of patient valuables.

### Security Officer Basic Training and Certification

Security Officers are required to have annual TB Test. Security Officers must provide primary source verification {website} of valid guard card to KMC HR prior to first day of assignment at KMC. Additionally, must provide valid primary source verification (proof of guard card maintenance) prior to expiration date. Security Officers shall participate in applicable hospital-wide continuing education.

Contractor will maintain team members that are certified to provide education in the following non-exclusive training system:

Defensive Driver Training (Defensive Driving, Fatigued Driving and Foul Weather Driving) CPR First Aid  
AVADE

Handcuff Training

**Staffing Guarantee:**

Contractor agrees to maintain staffing levels at those shown in Exhibit A a minimum of 97% of the time. KMC will not be charged OT rates associated with this requirement.

**Key Performance Indicators:**

<b>Commitments</b>	<b>Implementation Deadline</b>
Ensure Security Manager/ Post Supervisor in Place	March 31, 2025
Bi-Annual Risk Assessment	Bi-Annually
Bi-Annual Security Plan Review	To be conducted by Security Manager/Post Supervisor on years no risk assessment is completed
Compliance with all Training	March 31, 2025
Schedule and Hold Quarterly Business Review with Director of Facilities and Director of Security	To be conducted and agreed to by both parties
Action Item Log	Current/On-Going
Actively Track KPI's	Completed/On-Going

KPI's	Frequency	Occurrence Consequence
KMC Fire Drill	Monthly/Once per shift per quarter	\$25,000
Columbus Clinic Fire Drill	Semi- Annual	\$25,000
Q Street Clinic Fire Drill	Semi- Annual	\$25,000
KMC Fire Extinguisher Check	Monthly	\$1,000
Columbus Clinic Fire Extinguisher Check	Monthly	\$1,000
Q Street Clinic Fire Extinguisher Check	Monthly	\$1,000
All Outpatient/ off site Clinic Fire Extinguisher Checks	Monthly	\$1,000
Change all Access Codes	6-Months or at intervals determined by KMC Director of Security or KMC Executive Leadership	\$25,000
Security Risk Assessment	Bi-Annually	\$25,000
Security Assessment Review	Bi-Annually (alternately to Assessment)	\$5,000

## KPI Explanation:

Contractor is responsible for the following:

- Fire Drills: Performed according to regulatory requirements
  - KMC: Fire Drills performed quarterly (1 per shift per month), or as required to maintain regulatory compliance
  - Columbus Clinic: Fire Drills performed quarterly (1 per shift per month), or as required to maintain regulatory compliance
  - Q Street Clinic: Fire Drills performed semi-annually (1 per 6 months), or as required to maintain regulatory compliance
- Fire Extinguisher Checks: penalty applies per month out of compliance: Estimated 400+ extinguishers:
  - The list will be mutually agreed upon and update annually or as needed
  - Contractor and KMC will mutually agree upon the process for communication when new assets are added or removed
  - KMC: Fire Extinguisher Checks performed monthly
  - Columbus Clinic: Fire Extinguisher Checks performed monthly
  - Q Street Clinic: Fire Extinguishers Checks performed monthly
  - Oswell computer lab: Fire Extinguishers Checks performed monthly
  - 19<sup>th</sup> street clinics: Fire Extinguishers Checks performed monthly
  - Refine clinic: Fire Extinguishers Checks performed monthly
  - Stockdale clinics: Fire Extinguishers Checks performed monthly
  - Oversee annual fire extinguisher
- Panic Button Function Tests:
  - KMC: Panic Buttons tested monthly
  - Columbus Clinic: Panic Buttons tested monthly
  - Q Street Clinic: Panic Button tested monthly
- Access Code Changes:
  - The list will be mutually agreed upon and uploaded annually or as needed
  - Contractor and KMC will mutually agree upon the process for communication when new doors are to be added or removed
  - Codes will be changed every six (6) months or at intervals determined by KMC Director of Security or KMC Executive Leadership to maintain door security
  - Contractor Security Manager/Post Supervisor is responsible for distributing the code to the appropriate parties
- Security Risk Assessment:
  - To be conducted every other year (bi-annually); First assessment to be completed by December 15, 2022. Every other year thereafter by June 30.
  - Scope of assessment to be determined and agreed upon between KMC Leadership and Contractor prior to assessment.
  - Security Plan to be updated concurrently with any accepted corrective actions
  - Contractor will assist in developing a prioritized action plan/ Recommendations tracking tool with KMC aimed at minimizing the hospital's vulnerabilities.

- New Crime Cast report/ CAP index score.
- Security Assessment Review
  - To be conducted by Site Security Manager/Post Supervisor every other year, alternatively to Security Risk Assessment (on off years of the assessment)
  - Purpose of plan review is to:
    - Assess ongoing/new/unique hospital security risks
    - Maintain compliance with ever-changing regulatory landscape
    - Update assessment in accordance with any facility changes

Track progress of prioritized action plan / Recommendations

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

**EXHIBIT B  
FEE SCHEDULE**

**Estimated budget for 2025-2027**

**Feb 2025- Dec 2025**

	Pay Rate	Bill Rate	Holiday	Hours	Weekly	Monthly	Feb 25-Dec 25
Level 1 - Security Officer	\$ 20.50	\$ 29.93	\$ 41.90	1289	\$ 38,579.77	\$ 164,840.84	\$ 1,813,249.19
Level 1 - Lead Officers & Avade Instructor	\$ 21.00	\$ 30.66	\$ 42.92	208	\$ 6,377.28	\$ 27,248.38	\$ 299,732.16
Level 1- Shift Supervisor	\$ 21.50	\$ 31.39	\$ 43.95	168	\$ 5,273.52	\$ 22,532.31	\$ 247,855.44
Post Supervisor	\$ 23.50	\$ 34.31	\$ 48.03	80	\$ 2,744.80	\$ 11,727.78	\$ 129,005.60
Daily Transport Vehicle	\$ -	\$ 54.00	\$ -	7	\$ 378.00	\$ 1,615.09	\$ 17,766.00
Daily Patrol Vehicle (Prius)	\$ -	\$ 61.00	\$ -	7	\$ 427.00	\$ 1,824.45	\$ 20,069.00
				1745	\$ 53,780.37	\$ 229,788.85	\$ 2,527,677.39

**Jan 26-Dec 26**

	Pay Rate	Bill Rate	Holiday	Hours	Weekly	Monthly	Jan 26-Dec 26
Level 1 - Security Officer	\$ 21.00	\$ 30.66	\$ 42.92	1289	\$ 39,520.74	\$ 171,256.54	\$ 2,055,078.48
Level 1 - Lead Officers & Avade Instructor	\$ 21.50	\$ 31.39	\$ 43.95	208	\$ 6,529.12	\$ 28,292.85	\$ 339,514.24
Level 1- Shift Supervisor	\$ 22.00	\$ 32.12	\$ 44.97	168	\$ 5,396.16	\$ 23,383.36	\$ 280,600.32
Post Supervisor	\$ 24.00	\$ 35.04	\$ 49.06	80	\$ 2,803.20	\$ 12,147.20	\$ 145,766.40
Daily Transport Vehicle	\$ -	\$ 54.00	\$ -	7	\$ 378.00	\$ 1,638.00	\$ 19,656.00
Daily Patrol Vehicle (Prius)	\$ -	\$ 61.00	\$ -	7	\$ 427.00	\$ 1,850.33	\$ 22,204.00
				1745	\$ 55,054.22	\$ 238,568.29	\$ 2,862,819.44

**Jan 27-Dec 27**

	Pay Rate	Bill Rate	Holiday	Hours	Weekly	Monthly	Jan 27-Dec 27
Level 1 - Security Officer	\$ 21.50	\$ 31.39	\$ 43.95	1289	\$ 40,461.71	\$ 175,334.08	\$ 2,104,008.92
Level 1 - Lead Officers & Avade Instructor	\$ 22.00	\$ 32.12	\$ 44.97	208	\$ 6,680.96	\$ 28,950.83	\$ 347,409.92
Level 1- Shift Supervisor	\$ 22.50	\$ 32.85	\$ 45.99	168	\$ 5,518.80	\$ 23,914.80	\$ 286,977.60
Post Supervisor	\$ 24.50	\$ 35.77	\$ 50.08	80	\$ 2,861.60	\$ 12,400.27	\$ 148,803.20
Daily Transport Vehicle	\$ -	\$ 54.00	\$ -	7	\$ 378.00	\$ 1,638.00	\$ 19,656.00
Daily Patrol Vehicle (Prius)	\$ -	\$ 61.00	\$ -	7	\$ 427.00	\$ 1,850.33	\$ 22,204.00
				1745	\$ 56,328.07	\$ 244,088.30	\$ 2,929,059.64



## EXHIBIT "C" INSURANCE

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

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

1. Workers' Compensation and Employers Liability Insurance:

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

2. General Liability Insurance:

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

3. Automobile Liability Insurance:

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

4. Professional Liability Insurance (Errors and Omissions):

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

- (c) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by KCHA. Consultant is responsible for any deductible or self-insured retention and shall fund it upon KCHA's written request, regardless of whether Consultant has a claim against the insurance or is named as a party in any action involving KCHA.
  - (d) Required Evidence of Coverage: Certificate of Insurance.
5. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.
  6. Additional Insured Wording: "Kern County Hospital Authority, its officers, officials, employees and volunteers" are to be named as Additional Insureds as per each section where noted above.
  7. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:
    - (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
    - (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work.*
    - (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Consultant must purchase "extended reporting" coverage for a minimum of *five (5) years* after completion of the contract work.
  8. Documentation:
    - (a) The Certificate of Insurance must include the following reference: "**Agreement for Professional Services – Master Facility Plan.**"
    - (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Consultant agrees to maintain current Evidence of Insurance on file with KCHA for the entire term of this Agreement and any additional periods if specified in sections 1, 2, 3 or 4 above.
    - (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
    - (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
    - (e) Consultant shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
    - (f) Upon written request, certified copies of required insurance policies must be provided to KCHA within 30 days.
  9. Policy Obligations: Consultant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.
  10. Primary Coverage: For any claims related to this Agreement, Consultant's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects KCHA, its officers, directors, officials, employees, and volunteers. Any insurance or self-insurance maintained by KCHA, its officers, directors, officials, employees, or volunteers shall be excess of Consultant's insurance and shall not contribute with it.
  11. Waiver of Subrogation: Consultant hereby grants to KCHA a waiver of any right to subrogation, which any insurer of said Consultant may acquire against KCHA by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not KCHA has received a waiver of subrogation endorsement from the insurer.
  12. Material Breach: If Consultant fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. KCHA, at its sole option, may terminate this Agreement and obtain damages from Consultant resulting from said breach. Alternatively, KCHA may purchase the required insurance, and without further notice to Consultant, KCHA may deduct from sums due to Consultant any premium costs advanced by KCHA for such insurance. These remedies shall be in addition to any other remedies available to KCHA.

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## EXHIBIT D BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“BAA”) is entered into by and between the Kern County Hospital Authority on behalf of Kern Medical Center (“Covered Entity”) and Consultant (“Business Associate”) (each a “Party” and collectively the “Parties”), effective as of date of the underlying Agreement (the “Effective Date”).

### RECITALS

**WHEREAS**, Covered Entity is a “Covered Entity” as that term is defined under the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-91), as amended, (“HIPAA”), and the regulations promulgated thereunder by the Secretary of the U.S. Department of Health and Human Services (“Secretary”), including, without limitation, the regulations codified at 45 C.F.R. Parts 160, 162, and 164 (“HIPAA Rules”);

**WHEREAS**, Business Associate performs Services for or on behalf of Covered Entity, and in performing said Services, Business Associate creates, receives, maintains, or transmits Protected Health Information (“PHI”);

**WHEREAS**, the Parties intend to protect the privacy and provide for the security of PHI Disclosed by Covered Entity to Business Associate, or received or created by Business Associate, when providing Services in compliance with HIPAA, the Health Information Technology for Economic and Clinical Health Act (Public Law 111-005) (the “HITECH Act”) and its implementing regulations and guidance issued by the Secretary; and

**WHEREAS**, the Privacy and Security Rules (defined below) require Covered Entity and Business Associate to enter into a BAA that meets certain requirements with respect to the Use and Disclosure of PHI, which are met by this BAA.

### AGREEMENT

**NOW THEREFORE**, in consideration of the Recitals and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

#### ARTICLE I DEFINITIONS

- 1.1 “Breach” shall have the meaning given under [45 C.F.R. § 164.402](#).
- 1.2 “Breach Notification Rule” shall mean the Breach Notification for Unsecured Protected Health Information interim final rule at 45 C.F.R. Parts 160 and 164, Subpart D, as may be amended from time to time.
- 1.3 “Designated Record Set” shall have the meaning given such term under [45 C.F.R. § 164.501](#).
- 1.4 “Disclose” and “Disclosure” mean, with respect to PHI, the release, transfer, provision of access to, or divulging in any other manner of PHI outside of Business Associate or to other than members of its Workforce, as set forth in [45 C.F.R. § 160.103](#).
- 1.5 “Electronic PHI” or “e-PHI” means PHI that is transmitted or maintained in electronic media, as set forth in [45 C.F.R. § 160.103](#).
- 1.6 “Protected Health Information” and “PHI” mean any information created, received or maintained by Business Associate on behalf of Covered Entity, whether oral or recorded in any form or medium, that: (a) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) shall have the meaning given to such term under the Privacy Rule at [45 C.F.R. § 160.103](#). Protected Health Information includes e-PHI.
- 1.7 “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, Subparts A and E, as may be amended from time to time.
- 1.8 “Security Rule” shall mean the Security Standards at 45 C.F.R. Parts 160 and 164, Subparts A and C, as may be amended from time to time.
- 1.9 “Services” shall mean the services for or functions on behalf of Covered Entity performed by Business Associate pursuant to any service agreement(s) between Covered Entity and Business Associate which may be in effect now or from time to time (the “Underlying Agreement”), or, if no such agreements are in effect, then the services or functions performed by Business Associate that constitute a Business Associate relationship, as set forth in [45 C.F.R. § 160.103](#).
- 1.10 “SubContractor” shall have the meaning given to such term under [45 C.F.R. § 160.103](#).

1.11 “Unsecured PHI” shall have the meaning given to such term under [42 U.S.C. § 17932\(h\)](#), [45 C.F.R. § 164.402](#), and guidance issued pursuant to the HITECH Act including, but not limited to the guidance issued on April 17, 2009 and published in 74 Federal Register 19006 (April 27, 2009) by the Secretary.

1.12 “Use” or “Uses” mean, with respect to PHI, the sharing, employment, application, utilization, examination or analysis of such PHI within Business Associate’s internal operations, as set forth in [45 C.F.R. § 160.103](#).

1.13 “Workforce” shall have the meaning given to such term under [45 C.F.R. § 160.103](#)

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to them in HIPAA or the HITECH Act, as applicable.

## ARTICLE II OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate shall not Use or Disclose PHI other than as permitted or required by any Underlying Agreement, this BAA, or as Required by Law. Business Associate shall not Use or Disclose PHI in any manner that would constitute a violation of the Privacy Rule if so Used or Disclosed by Covered Entity, except that Business Associate may Use or Disclose PHI (i) for the proper management and administration of Business Associate; (ii) to carry out the legal responsibilities of Business Associate, provided that with respect to any such Disclosure either: (a) the Disclosure is Required by Law; or (b) Business Associate obtains a written agreement from the person to whom the PHI is to be Disclosed that such person will hold the PHI in confidence and shall not Use and further Disclose such PHI except as Required by Law and for the purpose(s) for which it was Disclosed by Business Associate to such person, and that such person will notify Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached. Business Associate may perform Services, including Data Aggregation for the Health Care Operations purposes of Covered Entity and de-identification of PHI in accordance with 45 C.F.R. § 164.514, if required by any Underlying Agreement or with the advance written permission of Covered Entity.

2.2 Adequate Safeguards of PHI. Business Associate shall implement and maintain appropriate safeguards to prevent Use or Disclosure of PHI other than as provided for by this BAA. Business Associate shall reasonably and appropriately protect the confidentiality, integrity, and availability of e-PHI that it creates, receives, maintains or transmits on behalf of Covered Entity and shall comply with Subpart C of 45 C.F.R. Part 164 to prevent Use or Disclosure of PHI other than as provided for by this BAA.

2.3 Reporting Non-Permitted Use or Disclosure.

2.3.1 Reporting Security Incidents and Non-Permitted Use or Disclosure. Business Associate shall report to Covered Entity in writing each Security Incident or Use or Disclosure that is made by Business Associate, members of its Workforce, or SubContractors that is not specifically permitted by this BAA no later than twenty-four (24) hours after becoming aware of such Security Incident or non-permitted Use or Disclosure, in accordance with the notice provisions set forth herein. Notwithstanding the foregoing, Business Associate and Covered Entity acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and Covered Entity acknowledges and agrees that no additional notification to Covered Entity of such ineffective Security Incidents is required, as long as no such incident results in unauthorized access, Use or Disclosure of PHI. Business Associate shall investigate each Security Incident or non-permitted Use or Disclosure of Covered Entity’s PHI that it discovers to determine whether such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI and shall provide a summary of its investigation and risk assessment to Covered Entity. Business Associate shall document and retain records of its investigation of any suspected Breach, including its reports to Covered Entity under this Section 2.3.1. Business Associate shall take prompt corrective action and any action required by applicable state or federal laws and regulations relating to such Security Incident or non-permitted disclosure. If Business Associate or Covered Entity, in its review of this initial report, determines that such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI, then Business Associate shall comply with the additional requirements of Section 2.3.2 below.

2.3.2 Breach of Unsecured PHI. If Business Associate or Covered Entity determines that a reportable Breach of Unsecured PHI has occurred, Business Associate shall provide a written report to Covered Entity without unreasonable delay but no later than five (5) calendar days after discovery of the Breach. To the extent that information is available to Business Associate, Business Associate’s written report to Covered Entity shall be in accordance with 45 C.F.R. §164.410(c). Business Associate shall cooperate with Covered Entity in meeting Covered Entity’s obligations under the HIPAA Rules with respect to such Breach. Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected individual(s), the Secretary and, if applicable, the media. Business Associate shall reimburse Covered Entity for its reasonable and actual costs and expenses in providing the notification, including, but not limited to, any administrative costs associated with providing notice, printing and mailing costs, public relations costs, and costs of mitigating the harm (which may include the costs of obtaining credit monitoring services and identity theft insurance) for affected individuals whose PHI has or may have been compromised as a result of the Breach.

2.3.3 Data Breach Notification and Mitigation Under Other Laws. In addition to the requirements of Sections 2.3.1 and 2.3.2, Business Associate agrees to implement reasonable systems for the discovery and prompt reporting of any breach of individually identifiable information (including but not limited to PHI, and referred to hereinafter as "Individually Identifiable Information") that, if misused, disclosed, lost or stolen, Covered Entity believes would trigger an obligation under applicable state security breach notification laws ("State Breach") to notify the individuals who are the subject of the information. Business Associate agrees to: (i) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach; (ii) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach conducted by a state agency or Attorney General; (iii) comply with Covered Entity's determinations regarding Covered Entity's and Business Associate's obligations to mitigate to the extent practicable any potential harm to the individuals impacted by the State Breach; and (iv) assist with the implementation of any decision by Covered Entity or any State agency to notify individuals impacted or potentially impacted by a State Breach.

2.4 Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of PHI by Business Associate in violation of the requirements of this BAA.

2.5 Use of SubContractors. Business Associate shall require each of its SubContractors that creates, maintains, receives, or transmits PHI on behalf of Business Associate, to execute a Business Associate Agreement that imposes on such SubContractors substantially the same restrictions, conditions, and requirements that apply to Business Associate under this BAA with respect to PHI.

2.6 Access to Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall make the PHI it maintains (or which is maintained by its SubContractors) in Designated Record Sets available to Covered Entity for inspection and copying, or to an Individual to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524. If Business Associate maintains PHI in a Designated Record Set electronically, Business Associate shall provide such information in the electronic form and format requested by the Covered Entity if it is readily reproducible in such form and format, and, if not, in such other form and format agreed to by Covered Entity to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524(c)(2). Business Associate shall notify Covered Entity within five (5) days of receipt of a request for access to PHI from an Individual.

2.7 Amendment of Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall amend the PHI it maintains (or which is maintained by its SubContractors) in Designated Record Sets to enable the Covered Entity to fulfill its obligations under 45 C.F.R. § 164.526. Business Associate shall notify Covered Entity within five (5) days of receipt of a request for amendment of PHI from an Individual.

2.8 Accounting. Within thirty (30) days of receipt of a request from Covered Entity or an Individual for an accounting of disclosures of PHI, Business Associate and its SubContractors shall make available to Covered Entity the information required to provide an accounting of disclosures to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c). Business Associate shall notify Covered Entity within five (5) days of receipt of a request by an Individual or other requesting party for an accounting of disclosures of PHI from an Individual.

2.9 Delegated Responsibilities. To the extent that Business Associate carries out one or more of Covered Entity's obligations under Subpart E of 45 C.F.R. Part 164, Business Associate must comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.

2.10 Availability of Internal Practices, Books, and Records to Government. Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, created, maintained, or transmitted by Business Associate on behalf of Covered Entity promptly available for inspection and copying to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's or Business Associate's compliance with the HIPAA Rules. In addition, Business Associate agrees that Covered Entity shall have the right to audit and monitor all applicable activities and records of Business Associate to determine Business Associate's compliance with the HIPAA Rules and shall promptly make available to Covered Entity such books, records, or other information relating to the Use and Disclosure of PHI provided, created, received, maintained or transmitted by Business Associate on behalf of Covered Entity for such purpose.

2.11 Minimum Necessary. Business Associate (and its SubContractors) shall, to the extent practicable, limits its request, Use, or Disclosure of PHI to the minimum amount of PHI necessary to accomplish the purpose of the request, Use or Disclosure, in accordance with 42 U.S.C. § 17935(b) and 45 C.F.R. § 164.502(b)(1) or any other guidance issued thereunder.

2.12 Acknowledgement. Business Associate acknowledges that it is obligated by law to comply, and represents and warrants that it shall comply, with HIPAA, the HITECH Act, and the HIPAA Rules. Business Associate shall comply with all applicable state privacy and security laws, to the extent that such state laws are not preempted by HIPAA or the HITECH Act.

### **ARTICLE III OBLIGATIONS OF COVERED ENTITY**

#### Covered Entity's Obligations.

3.1.1 Covered Entity shall notify Business Associate of any limitation(s) in the Notice of Privacy Practices of Covered Entity under 45 C.F.R. 164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of PHI.

3.1.2 Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an individual to Use or Disclose his or her PHI, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI.

3.1.3 In the event Covered Entity agrees with an Individual to any restrictions on Use or Disclosure of PHI pursuant to 45 C.F.R. § 164.522(a) or if Covered Entity determines that it is obligated to accommodate a reasonable request of an Individual to receive communications of PHI pursuant to 45 C.F.R. § 164.522(b), Covered Entity promptly shall notify Business Associate of the same, as well as any revocation or modification of the same, and Business Associate thereupon shall observe such restriction or accommodation (or revocation or modification, if any, thereof) to the extent applicable to its Use or Disclosure of PHI hereunder, notwithstanding any other provision hereof, except as otherwise required by law.

3.1.4 Covered Entity agrees to obtain any consent or authorization that may be required under HIPAA or any other applicable law and/or regulation prior to furnishing Business Associate with PHI.

3.1.5 Covered Entity shall not request Business Associate to make any Use or Disclosure of PHI that would not be permitted under HIPAA if made by Covered Entity. Covered Entity agrees to fulfill its obligations under this BAA in a timely manner.

#### **ARTICLE IV TERM AND TERMINATION**

4.1 Term. Subject to the provisions of Section 4.1, the term of this BAA shall be the term of any Underlying Agreement.

4.2 Termination of Underlying Agreement.

4.2.1 A breach by Business Associate of any provision of this BAA, as determined by Covered Entity, shall constitute a material breach of the Underlying Agreement and shall provide grounds for immediate termination of the Underlying Agreement, any provision in the Underlying Agreement to the contrary notwithstanding.

4.2.2 Covered Entity may terminate the Underlying Agreement, effective immediately, if: (i) Business Associate is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws or (ii) a finding or stipulation that the Business Associate has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws is made in any administrative or civil proceeding in which the party has been joined.

4.3 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in any Underlying Agreement, upon Covered Entity's knowledge of a material breach or violation of this BAA by Business Associate, Covered Entity shall either:

4.3.1 Notify Business Associate of the breach in writing, and provide an opportunity for Business Associate to cure the breach or end the violation within ten (10) business days of such notification; provided that if Business Associate fails to cure the breach or end the violation within such time period to the satisfaction of Covered Entity, Covered Entity may terminate this BAA and any Underlying Agreement upon thirty (30) calendar days written notice to Business Associate; or

4.3.2 Upon thirty (30) calendar day written notice to Business Associate, immediately terminate this BAA and any Underlying Agreement if Covered Entity determines that such breach cannot be cured.

4.4 Disposition of Protected Health Information Upon Termination or Expiration.

4.4.1 Upon termination or expiration of this BAA, Business Associate shall return or destroy all PHI received from, or created or received by Business Associate on behalf of Covered Entity, that Business Associate still maintains in any form and retain no copies of such PHI. If Covered Entity requests that Business Associate return PHI, PHI shall be returned in a mutually agreed upon format and timeframe.

4.4.2 If return or destruction is not feasible, Business Associate shall: (a) retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities; (b) return to Covered Entity the remaining PHI that the Business Associate still maintains in any form; (c) continue to extend the protections of this BAA to the PHI for as long as Business Associate retains the PHI; (d) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI not feasible and subject to the same conditions set out in Sections 2.1 and 2.2 above, which applied prior to termination; and (e) return to Covered Entity the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

#### **ARTICLE V MISCELLANEOUS**

5.1 Regulatory References. A reference in this BAA to a section or other part of HIPAA, the HIPAA Rules, or the HITECH Act means, as of any point in time, the section or part as it may be amended or in effect at such time.

5.2 Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as necessary for Covered Entity to implement its obligations pursuant to HIPAA, the HIPAA Rules, or the HITECH Act.

5.3 Relationship to Underlying Agreement Provisions. In the event that a provision of this BAA is contrary to a provision of an Underlying Agreement, the provision of this BAA shall control. Otherwise, this BAA shall be construed under, and in accordance with, the terms of such Underlying Agreement, and shall be considered an amendment of and supplement to such Underlying Agreement.

5.4 Headings. The headings of the paragraphs and sections of this BAA are inserted solely for convenience of reference and are not a part or intended to govern, limit or aid in the construction of any term or provision hereof.

5.5 Equitable Relief. Business Associate understands and acknowledges that any Disclosure or misappropriation of any PHI in violation of this BAA will cause Covered Entity irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that Covered Entity shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining any such further Disclosure or Breach and for such other relief as Covered Entity shall deem appropriate. Such right of Covered Entity is to be in addition to the remedies otherwise available to Covered Entity at law or in equity. Business Associate expressly waives the defense that a remedy in damages will be adequate and further waives any requirement in an action for specific performance or injunction for the posting of a bond by Covered Entity.

5.6 Insurance. In addition to any general and/or professional liability insurance required of Business Associate, Business Associate agrees to obtain and maintain, at its sole expense, liability insurance on an occurrence basis, covering any and all claims, liabilities, demands, damages, losses, costs and expenses arising from a breach of the security or privacy obligations of Business Associate, its officers, employees, agents and SubContractors under this BAA. Such insurance coverage will be maintained for the term of this BAA, and a copy of such policy or a certificate evidencing the policy shall be provided to Covered Entity at Covered Entity's request.

5.7 Assistance in Litigation or Administrative Proceedings. Business Associate shall make itself and any SubContractors or members of its Workforce assisting Business Associate in the performance of its obligations under this BAA available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claim of violation of the HIPAA or other applicable laws relating to privacy or security.

5.8 Indemnification. Notwithstanding anything to the contrary which may be contained in any Underlying Agreement, including but not limited to any limitations on liability contained therein, Business Associate hereby agrees to indemnify and hold harmless Covered Entity and its respective officers, directors, managers, members, employees and agents from and against any and all losses, damages, fines, penalties, claims or causes of action and associated expenses (including, without limitation, costs of judgments, settlements, court costs and attorney's fees) resulting from Business Associate's (including its employees, directors, officers, agents, or other members of its Workforce, and its SubContractors) breach of PHI or violation of the terms of this BAA, including but not limited to failure of Business Associate to perform its obligations under this BAA, or to comply with HIPAA or applicable state privacy or security law.

5.9 Legal Actions. Promptly, but no later than five (5) business days after notice thereof, Business Associate shall advise Covered Entity of any actual or potential action, proceeding, regulatory or governmental orders or actions, or any material threat thereof that becomes known to it that may affect the interests of Covered Entity or jeopardize this BAA, and of any facts and circumstances that may be pertinent to the prosecution or defense of any such actual or potential legal action or proceeding, except to the extent prohibited by law.

5.10 Notice of Request or Subpoena for Data. Business Associate agrees to notify Covered Entity promptly, but no later than five (5) business days after Business Associate's receipt of any request or subpoena for PHI or an accounting thereof. Business Associate shall promptly comply with Covered Entity's instructions for responding to any such request or subpoena, unless such Covered Entity instructions would prejudice Business Associate. To the extent that Covered Entity decides to assume responsibility for challenging the validity of such request, Business Associate agrees to reasonably cooperate with Covered Entity in such challenge. The provisions of this Section shall survive the termination of this BAA.

5.11 Requests from Secretary. Promptly, but no later than five (5) calendar days after notice thereof, Business Associate shall advise Covered Entity of any inquiry by the Secretary concerning any actual or alleged violation of the Privacy Rule or the Security Rule.

5.12 Notices. Any notices required or permitted to be given hereunder by either Party to the other shall be given in writing: (1) by personal delivery; (2) by electronic mail or facsimile with confirmation sent by United States first class registered or certified mail, postage prepaid, return receipt requested; (3) by bonded courier or by a nationally recognized overnight delivery service; or (4) by United States first class registered or certified mail, postage prepaid, return receipt, in each case, addressed to a Party on the signature page(s) to this BAA, or to such other addresses as the Parties may request in writing by notice given pursuant to this Section 5.12. Notices shall be deemed received on the earliest of personal delivery; upon delivery by electronic facsimile with confirmation from the transmitting machine that the transmission was completed; twenty-four (24) hours following deposit with a bonded courier or overnight delivery service; or seventy-two (72) hours following deposit in the U.S. mail as required herein.

Covered Entity's Notice Address:

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

Business Associate's Notice Address:

VENDOR  
ADDRESS  
Attn:

5.13 Relationship of Parties. Notwithstanding anything to the contrary in any Underlying Agreement, Business Associate is an independent Consultant and not an agent of Covered Entity under this BAA. Business Associate has the sole right and obligation to supervise, manage, contract, direct, procure, perform or cause to be performed all Business Associate obligations under this BAA.

5.14 Survival. To the extent that Business Associate retains PHI, the respective rights and obligations of the Parties set forth in Sections 2.3, 4.4, 5.8, and 5.10 of this BAA shall survive the termination, expiration, cancellation, or other conclusion of the BAA or any Underlying Agreement.

5.15 Interpretation. Any ambiguity in this BAA shall be interpreted to permit the Parties to comply with HIPAA, the HITECH Act, and the HIPAA Rules.

5.16 Governing Law; Applicable Law and Venue. This BAA shall be construed in accordance with the laws of the State of California applicable to agreements made and to be performed in such state. Any dispute between the Parties shall be brought before the Superior Court of Kern County, California, which shall have jurisdiction over all such claims.

5.17 Waiver of Provisions. Any waiver of any terms and conditions hereof must be in writing and signed by the Parties hereto. A waiver of any of the terms and conditions hereof shall not be construed as a waiver of any other term or condition hereof.

5.18 Assignment and Delegation. Neither this BAA nor any of the rights or duties under this BAA may be assigned or delegated by either Party hereto.

5.19 Disclaimer. Neither Party represents or warrants that compliance by the other Party with this BAA, HIPAA, the HIPAA Rules, or the HITECH Act will be adequate or satisfactory for the other Party's own purposes. Each Party is solely responsible for its own decisions regarding the safeguarding of PHI.

5.20 Certification. To the extent that Covered Entity determines that such examination is necessary to comply with Covered Entity's legal obligations pursuant to HIPAA relating to certification of its security practices, Covered Entity or its authorized agents or Consultants may, at Covered Entity's expense, examine Business Associate's facilities, systems, procedures, and records, as may be necessary for such agents or Consultants to certify to Covered Entity the extent to which Business Associate's security safeguards comply with HIPAA, the HIPAA Rules, the HITECH Act, or this BAA.

5.21 Counterparts. This BAA may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on both Parties hereto.





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

February 18, 2025

**Subject:** Proposed On Demand Quotation for Repair with GE HealthCare

**Requested Action:** Approve; Authorize Chairman to sign; Authorize Chief Executive Officer to approve future quotations with GE HealthCare terms and conditions

**Summary:**

Kern Medical requests your Board approve the proposed On Demand Quotation for repair of Echo Ultrasound machine with GE HealthCare, for depot repair of an Echo Ultrasound device in an amount not to exceed \$2,205. This device provides patient care to infants. GE HealthCare is the manufacturer of the equipment and has provided reliable services in the past.

Counsel is unable to approve the terms as to form because they do not include indemnification for the Authority. Despite negotiations, counsel was unsuccessful in negotiating these terms.

Given the frequency in which GE HealthCare is used for repair services, Kern Medical requests your Board authorize the Chief Executive Officer to sign future repair quotations, with terms identical to the proposed terms before your Board, that otherwise conform to your Board's delegation of authority to the Chief Executive Officer to enter into contracts and secure and pay for professional services

Therefore, it is recommended that your Board approve the proposed-On Demand Quotation for repair Echo Ultrasound machine with GE HealthCare, for repair of an Echo Ultrasound device with a not to exceed amount of \$2,205 plus tax and shipping, authorize the Chairman to sign, and authorize Chief Executive Officer to approve future quotations, within his delegated authority, with GE HealthCare containing subject to approval as to form by counsel.

# KERN COUNTY HOSPITAL AUTHORITY | VE95060947

01/24/2025

**George Edge**  
KERN COUNTY HOSPITAL AUTHORITY  
1700 MOUNT VERNON AVE, Bakersfield, CA, 93306

**Quotation Date:** 01/24/2025

This Quotation expires 30 days from the Quotation Date unless signed and returned to GE HealthCare within such 30 days.

**GE HealthCare**

Eric Velasquez

Eric.Velasquez@gehealthcare.com

**Contact Name:** George Edge

**Contact Phone #:**

**Equipment Location:** 1700 MOUNT VERNON AVE, Bakersfield, CA, 93306

**System ID:** VE95060947

This On Demand Quotation ("Agreement") is entered into between the ("Customer") identified above and GE Precision HealthCare LLC, a GE HealthCare business ("GE HealthCare"), for the sale or license of products ("Product") and/or services ("Services") identified below.

This Agreement and any Product and/or Services provided by GE HealthCare hereunder are subject to the applicable terms and conditions located at

<https://www.gehealthcare.com/about/on-demand-quotation-service-terms-conditions-06-2024>

This Agreement (and any GE HealthCare documents referenced herein) is the complete and final agreement of the parties relating to the Products and/or Services. There is no reliance on any terms other than those expressly stated or incorporated by reference in this Agreement and, except as permitted in this Agreement, no attempt to modify will be binding unless agreed to in writing by the parties. Modifications may result in additional fees and cannot be made without GE HealthCare's prior written consent. Payment in full is due upon receipt of invoice.

**Job Description**

FE visit will be for initial troubleshooting only.

Unless otherwise noted, travel and Services are performed between the hours of 8am-5pm, Monday-Friday (excluding GE HealthCare holidays).

Line	Item #	Description	Qty	Unit Price	Discount	Amount
1		Travel	2	\$551.20	N/A	\$1,102.40
2		Labor	2	\$551.20	N/A	\$1,102.40
<b>Grand Total</b>						<b>\$2,204.80</b>
(Taxes not included, if any)						

**Missing Items & Repairs:**

Any components necessary to complete installation will be communicated to Customer as these items are not part of this Agreement. Any repair parts or services needed to bring the equipment to original equipment manufacturer ("OEM") published specifications during initial checkout or reinstallation will be communicated to Customer for approval

as additional charges will apply. Component failures can occur due to stressing the equipment during reinstallation, re-calibration, system power-up/power-down, and such failures are not covered by this Agreement.

**Customer Acceptance:**

Upon acceptance of this Agreement, Customer must provide GE HealthCare with a signed copy and a copy of a Purchase Order.

PO#: \_\_\_\_\_ Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

PO \$ Amount: \_\_\_\_\_ Signature: \_\_\_\_\_ Phone : \_\_\_\_\_

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Phillip Jenkins  
Kern County Hospital Authority

## **GE HealthCare On Demand Quotation - General Terms & Conditions** ***Applies to all On Demand Quotations***

### **1. General Terms.**

1.1. Confidentiality. Each party will treat this Agreement and the other party's proprietary information as confidential, meaning it will not use or disclose the information to third parties unless permitted in this Agreement or required by law. Customers are not prohibited from discussing patient safety issues in appropriate venues.

1.2. Governing Law. The law of the state where the Product is installed or the Service is provided will govern this Agreement.

1.3. Force Majeure. Performance time for non-monetary obligations will be reasonably extended for delays beyond a party's control.

1.4. Assignment; Use of Subcontractors. Rights and obligations under this Agreement cannot be assigned without the other party's prior written consent, unless: (i) it is to an entity (except to a GE HealthCare competitor) that (a) is an affiliate or parent of the party or (b) acquires substantially all of the stock or assets of such party's applicable business, Product line, or Service thereof; and (ii) the assignee agrees in writing to be bound by this Agreement, including payment of outstanding fees. GE HealthCare may hire subcontractors to perform work under this Agreement but will remain responsible for its obligations.

1.5. Waiver; Survival. If any provision of this Agreement is not enforced, it is not a waiver of that provision or of a party's right to later enforce it. Terms in this Agreement related to intellectual property, compliance, data rights and terms that by their nature are intended to survive will survive the Agreement's expiration or termination.

1.6. Intellectual Property. GE HealthCare owns all rights to the intellectual property in GE HealthCare's Products, Services, documentation, specifications, and statements of work related to this Agreement or otherwise. Customer may provide GE HealthCare with feedback related to Products, Services and related documentation, and GE HealthCare may use it in an unrestricted manner.

1.7. Termination. If there is a material breach of this Agreement that is not cured by the breaching party within 60 days from receipt of written notice, the non-breaching party can terminate this Agreement. Other than as set forth in this Agreement, neither party can unilaterally terminate this Agreement. Any remaining undisputed, unpaid fees become immediately due and payable on expiration or termination.

1.8. Notices. Notices will be in writing and considered delivered when received if sent by certified mail, postage prepaid, return receipt requested, by overnight mail, or by fax. Notice to Customer will be directed to the address on this Agreement, and notice to GE HealthCare to General Counsel, 9900 W Innovation Dr., Wauwatosa, WI 53226.

### **2. Compliance.**

2.1. Generally. Each party will comply with applicable laws and regulations. Customer is only purchasing or licensing Products for its own medical, billing and/or non-entertainment use in the United States or

for the purposes of renting or leasing the Products for medical, billing and/or non-entertainment purposes through a mobile system or modular building where Customer maintains title to the Products. GE HealthCare will not deliver, install, service or train if it discovers Products have been or are intended to be used contrary to this Agreement. This Agreement is subject to GE HealthCare's ongoing credit review and approval. Customer is aware of its legal obligations for cost reporting, including 42 C.F.R. § 1001.952(g) and (h), and will request from GE HealthCare any information beyond the invoice needed to fulfill Customer's cost reporting obligations.

2.2. Security. GE HealthCare is not responsible for: (i) Customer's passwords or password management; (ii) securing Customer's network; (iii) preventing unauthorized access to Customer's network or the Product; (iv) backup management; (v) data integrity; (vi) recovery of lost, corrupted or damaged data, images, software or equipment; (vii) third party operating systems, unless specifically set forth in this Agreement; or (viii) providing or validating antivirus or related IT safeguards unless sold to Customer by GE HealthCare. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR DAMAGES CAUSED BY UNAUTHORIZED ACCESS TO THE NETWORK OR PRODUCTS REGARDLESS OF A PARTY'S COMPLIANT SECURITY MEASURES.

2.3. Environmental Health and Safety ("EHS"). GE HealthCare personnel may stop work without penalty due to safety concerns. Customer must: (i) comply with GE HealthCare's EHS requirements; (ii) provide a safe environment for GE HealthCare personnel; (iii) tell GE HealthCare about chemicals or hazardous materials that might come in contact with Products or GE HealthCare personnel; (iv) perform decommissioning or disposal at Customer facilities; (v) obtain and maintain necessary permits; (vi) thoroughly clean Products before Service; (vii) provide radioactive materials required for testing Products; and (viii) dispose of waste related to Products and installations.

2.4. Parts and Tubes. GE HealthCare: (i) recommends the use of parts it has validated for use with the Product; (ii) is not responsible for the quality of parts supplied by third parties to Customer; and (iii) cannot assure Product functionality or performance when non-validated parts are used. Certain Products are designed to recognize GE HealthCare-supplied tubes and report the presence of a non-GE HealthCare tube; GE HealthCare is not responsible for the use of, or effects from, non-GE HealthCare supplied tubes.

2.5. Training; Recordings. GE HealthCare's training does not guarantee that: (i) Customer trainees are fully trained on equipment or Product use, maintenance or operation or (ii) training will satisfy any licensure or accreditation. Customer must ensure its trainees are fully qualified in the use and operation of the Product. Unless otherwise identified in the training catalog, Customer will complete training within 12 months of the date training is ordered. If not completed within this time period, other than because of GE HealthCare's fault, training expires without refund. Training will be invoiced and payment due pursuant to the billing terms listed in the Agreement. Customer's recording of GE HealthCare training sessions and other conversations with GE HealthCare is prohibited.

2.6. Medical Diagnosis and Treatment. All clinical and medical treatment, diagnostic and/or billing decisions are Customer's responsibility.

2.7. Use of Data. If GE HealthCare creates, receives, maintains, transmits or otherwise has access to Protected Health Information (as defined in 45 C.F.R. § 160.103) ("PHI"), GE HealthCare may use and disclose the PHI only as permitted by law and by the Business Associate Agreement between the parties. Before returning any equipment to GE HealthCare, Customer must ensure that all PHI stored in it is deleted. GE HealthCare may collect, prepare derivatives from and otherwise use non-PHI data related to Products and/or Services for such things as training, demonstration, research, development, benchmarking, continuous improvement and facilitating the provision of its products, software and services. GE HealthCare will own all intellectual property and other rights that could result from this

collection, preparation and use. The non-PHI data will not be used to identify Customer or sold by GE HealthCare without Customer's consent.

### **3. Disputes and Arbitration.**

3.1. Binding Arbitration. Other than collection matters and actions seeking injunctive relief to prevent or cease a violation of intellectual property rights related to Products or Services, the parties agree to submit all disputes arising under or relating to this Agreement to the American Arbitration Association ("AAA") office closest to the largest metropolitan area of the location where the Product is installed or the Service is provided for binding arbitration conducted in accordance with AAA's then-current Commercial Arbitration Rules. Costs, including arbitrator fees and expenses, will be shared equally, and each party will bear its own attorneys' fees. The arbitrator will have authority to award damages only to the extent available under this Agreement. Nothing in this section shall allow either party to arbitrate claims of any third-party not a party to this Agreement. The parties further agree to keep confidential: (i) the fact that any arbitration occurred; (ii) the results of any arbitration; (iii) all materials used, or created for use, in the arbitration; and (iv) all other documents produced by another party in the arbitration and not otherwise in the public domain.

### **4. Liability.**

4.1. Limitation of Liability. GE HEALTHCARE'S LIABILITY FOR DIRECT DAMAGES TO CUSTOMER UNDER THIS AGREEMENT WILL NOT EXCEED THE PRICE FOR THE PRODUCT OR SERVICE THAT IS THE BASIS FOR THE CLAIM.

4.2. Exclusion of Damages. NEITHER PARTY WILL HAVE ANY OBLIGATION FOR: (I) CONSEQUENTIAL, PUNITIVE, INCIDENTAL, INDIRECT OR REPUTATIONAL DAMAGES; (II) PROFIT, DATA OR REVENUE LOSS; OR (III) CAPITAL, REPLACEMENT OR INCREASED OPERATING COSTS.

### **5. Payment and Finance.**

5.1. Late Payment. Customer must raise payment disputes before the payment due date. For any undisputed late payment, GE HealthCare may: (i) suspend performance under this Agreement until all past due amounts are paid; (ii) charge interest at a rate no more than the maximum rate permitted by applicable law; and (iii) use unapplied funds due to Customer to offset any of Customer's outstanding balance. If Customer fails to pay when due: (a) GE HealthCare may revoke its credit and designate Customer to be on credit hold; and (b) all subsequent shipments and Services must be paid in full on receipt.

5.2. Taxes. Prices do not include applicable taxes, which are Customer's responsibility.

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## **GE HealthCare On Demand Quotation - Service Terms & Conditions** ***Applies to On Demand Quotations that include Service***

### **1. Service.**

1.1. Warranty. GE HealthCare warrants that its Service will be performed by trained individuals in a professional, workman-like manner. Except as otherwise stated herein, GE HealthCare will re-perform

non-conforming Service as long as Customer provides prompt written notice to GE HealthCare within 60 days from performance. NO OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WILL APPLY. GE HealthCare may use new or refurbished/repared (exchange) parts. If an exchange part is provided, the original becomes GE HealthCare property and GE HealthCare will remove it from Customer's site or Customer must return it to GE HealthCare within a reasonable timeframe of replacement to avoid being billed for the non-returned part.

1.2. Connectivity. If a Product or equipment has remote access capability: (i) Customer will provide GE HealthCare with, and maintain, a GE HealthCare-validated remote access connection to service the Product or equipment; or (ii) GE HealthCare reserves the right to charge Customer for onsite support at GE HealthCare's then-current billing rate. This remote access and collection of machine data (e.g., temperature, helium level) will continue after the end of this Agreement unless Customer requests in writing that GE HealthCare disable it.

1.3. Return for Repair. Prior to shipping equipment to GE HealthCare for repair, Customer will back up and remove data stored on the equipment. Customer is responsible for damage during shipment to GE HealthCare. GE HealthCare may remove data stored on the equipment prior to sending it back to Customer.

## **2. Specific Biomedical Service.**

2.1. Drug Library Dataset Transfer (if identified on the On Demand Quotation). If this Agreement includes GE HealthCare performing transfers of Customer-provided drug library dataset (i.e., an electronic library of medication information, drug name, concentration, dosing guidelines) from Customer's master device (i.e., a device, not in clinical use, containing the original equipment manufacturer ("OEM") copy, or Customer verified copy, of the drug library dataset) to its recipient device (i.e., an infusion pump in clinical use), Customer will: (i) deliver the master device to GE HealthCare and clearly label it as the "master device"; (ii) deliver the recipient device to GE HealthCare; (iii) provide labels for recipient device that indicate the original OEM drug library dataset creation/installation date, the then-current drug library dataset version, and the then-current drug library dataset installation date upon completion of a transfer; (iv) install, program, maintain, update and verify the drug library dataset on the master device, and ensure that the correct, accurate and up-to-date drug library dataset resides on the master device at all times; (v) ensure that the correct, accurate and up-to-date drug library dataset is installed on recipient device following transfer; (vi) promptly notify GE HealthCare of any incomplete or non-conforming transfer; and (vii) indemnify, defend and hold GE HealthCare harmless from losses which GE HealthCare becomes legally obligated to pay based on or arising out of this Agreement, including without limitation, Customer's breach of this Agreement, any death or bodily injury, medical diagnosis or treatment decisions, any failure of Customer or GE HealthCare to locate a recipient device, or any failure of GE HealthCare to perform a transfer. Notwithstanding anything to the contrary in this Agreement, the foregoing GE HealthCare service is provided on an "AS IS" basis. NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR DATA ACCURACY, APPLY. Services will be provided during the hours of 8am to 5pm local time, Monday-Friday (excluding GE HealthCare holidays). **See GE HealthCare's Drug Library Dataset Transfer Services Statement of Work which is incorporated herein by reference.**

2.2 Quick Response ("QR") Code Label Services (if identified on the On Demand Quotation). If this Agreement includes GE HealthCare: (i) creating QR code labels; (ii) applying QR code labels on Customer's infusion pumps that are in clinical use ("Recipient Devices"); (iii) maintaining Recipient Device QR code labels; and/or (iv) communicating the pairing of QR codes and Recipient Device serial numbers to Customer, as described in a Statement of Work, then Customer will: (a) provide GE



HealthCare with access to Customer's QR code label generator and QR code labels; (b) provide GE HealthCare with training (including documented instructions) on use of Customer's QR code label generator upon request; and (c) promptly notify GE HealthCare of any incomplete or non-conforming QR code label on a Recipient Device. Notwithstanding the foregoing, GE HealthCare will not access Customer's electronic medical record systems to perform the services or be responsible for updating any Customer electronic medical records. Notwithstanding anything to the contrary in this Agreement, the foregoing GE HealthCare service is provided on an "AS IS" basis. NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR DATA ACCURACY, APPLY. Customer will indemnify, defend and hold GE HealthCare harmless from losses which GE HealthCare becomes legally obligated to pay based on or arising out of this Agreement, including without limitation, Customer breach of this Agreement, any death or bodily injury, medical diagnosis or treatment decisions, any failure of GE HealthCare to create a QR code label, apply a QR code label on a Recipient Device, maintain a QR code label, and/or communicate the pairing of a QR code label and Recipient Device serial number to Customer. Services will be provided during the hours of 8am to 5pm local time, Monday-Friday (excluding GE HealthCare holidays). **See GE HealthCare's Quick Response (QR) Code Label Services Statement of Work which is incorporated herein by reference.**

### 2.3 Biomedical Asset Patch Installation Services (if identified on the On Demand Quotation).

2.3.1. Patch Installation Services. GE HealthCare will use commercially reasonable efforts to install Customer-provided software patches on Customer's Connected Medical Devices. "Connected Medical Device" is a discrete biomedical hardware device: (i) with 1 unique MAC address; (ii) designed and manufactured by an original equipment manufacturer ("OEM") for the purpose of providing medical services to hospital patients; (iii) discovered and located by Customer; (iv) owned, rented or leased by Customer for use at Customer facilities; (v) connected to Customer's network through an Ethernet cable wired or a wireless-enabled connection at the time of software patch installation; (vi) under GE HealthCare biomed service contract coverage at the time of software patch installation; and (vii) as further described in a Statement of Work. Installation will be provided during the hours of 8am to 5pm local time, Monday-Friday (excluding GE HealthCare holidays).

2.3.2. Customer Responsibilities. In addition to Customer's other responsibilities under this Agreement, Customer will: (i) procure and provide the appropriate and Customer-validated software patch (as described in a Statement of Work) and installation instructions from the OEM of the Connected Medical Device; (ii) provide an accurate list of all applicable Connected Medical Devices and the locations of such Connected Medical Devices (as described in a Statement of Work); (iii) upon GE HealthCare request, obtain support from the OEM of the Connected Medical Device (Customer is solely responsible for any OEM support-related fees or charges); (iv) provide network and IT infrastructure information as requested by GE HealthCare; (v) prepare the site, network and IT infrastructure ensuring that they meet the OEM's written requirements and applicable laws; (vi) provide and maintain a GE HealthCare-validated remote access connection to the Connected Medical Devices, network and IT infrastructure for GE HealthCare and its agents to perform hereunder; (vii) ensure that the correct and accurate software patch is installed on the Connected Medical Device following installation; (viii) promptly notify GE HealthCare of any incomplete or non-conforming installation; and (ix) indemnify, defend and hold GE HealthCare harmless for losses which GE HealthCare becomes legally obligated to pay based on or arising out of this Agreement, including without limitation, Customer's breach of this Agreement, any death or bodily injury caused by Customer's actions or omissions, and any failure of GE HealthCare to discover and/or locate a Connected Medical Device or perform software patch installation. Additionally, Customer is solely responsible for managing, handling, responding to, and executing corrective action and/or remediation of, security events, security incidents and security vulnerabilities (including all expenses, fines and damages incurred).

2.3.3. Customer Acknowledgment. Customer acknowledges and agrees that: (i) cyber-related security is not an exact science; (ii) cyber-related security is ever evolving in the types, vulnerabilities, risks and threats that are present; (iii) GE HealthCare's services and other related support is only designed to help Customer mitigate against certain known security-related vulnerabilities, risks and threats; however, GE HealthCare does not and cannot provide complete or comprehensive protection against all possible vulnerabilities, risks, threats, events or unauthorized access or intrusions; (iv) GE HealthCare services are not intended in any way to displace Customer's own independent security judgement or decision-making, and/or create obligations or liability for GE HealthCare; and (v) it is Customer's sole obligation to establish and maintain any appropriate measures (including, without limitation, the installation and use of firewalls, application of authentication measures, encryption of data, installation of anti-virus programs, etc.) to protect Customer's clinical systems, machines, Connected Medical Devices, network, and IT infrastructure against any kind of security vulnerabilities, risks, threats, breaches, unauthorized access, interference, intrusion, leakage and/or theft of data or information.

2.3.4. Statement of Work. **See GE HealthCare's Biomedical Asset Patch Installation Services Statement of Work which is incorporated herein by reference.**

2.3.5. Disclaimer. GE HEALTHCARE SERVICES PROVIDED UNDER THIS AGREEMENT: (I) ARE PROVIDED "AS IS" WITHOUT ANY REPRESENTATION, WARRANTY OR CONDITION OF ANY KIND WHATSOEVER; (II) DO NOT PROVIDE COMPLETE OR COMPREHENSIVE PROTECTION AGAINST ALL POSSIBLE SECURITY VULNERABILITIES, RISKS, THREATS, BREACHES, SECURITY EVENTS, SECURITY INCIDENTS OR UNAUTHORIZED INTRUSIONS; AND (III) ARE NOT INTENDED TO BE A COMMITMENT, GUARANTEE, REPRESENTATION OR WARRANTY THAT (A) CUSTOMER'S MEDICAL DEVICES, SYSTEMS, EQUIPMENT, MACHINES, ASSETS, NETWORK OR IT INFRASTRUCTURE WILL BE PROTECTED AGAINST POSSIBLE SECURITY VULNERABILITIES, RISKS, THREATS, BREACHES, SECURITY EVENTS, SECURITY INCIDENTS OR UNAUTHORIZED INTRUSIONS, OR (B) SERVICES WILL BE TIMELY, ERROR-FREE, ACCURATE, OR MEET CUSTOMER'S REQUIREMENTS OR ANY NATIONAL GUIDELINE OR INDUSTRY STANDARD.

2.3.6. Exclusions. Service is excluded under this Agreement and Customer is not entitled to any remedy due to: (i) Customer's delay in providing, or failing to provide, the appropriate software patch, or GE HealthCare-requested information, documentation or resources; (ii) Customer cancellation or rescheduling; (iii) inability of GE HealthCare to access the Connected Medical Devices; (iv) Customer's default; (v) improper care of the Connected Medical Devices; (vi) an OEM's failure or refusal to comply with GE HealthCare's or Customer's request for support or assistance; or (vii) any cause beyond GE HealthCare's control. This Agreement does not cover: (a) medical devices, clinical systems and assets that are not connected to Customer's network; (b) Connected Medical Devices not discovered and located by Customer; (c) medical devices, clinical systems and assets that are connected to or reside on proprietary and segmented isolated networks; (d) Connected Medical Devices not covered under a GE HealthCare biomed service contract; (e) Customer's networks, servers, IT infrastructure, architecture or configuration; (f) skill or competency assessments of Customer's personnel; (g) operating system software updates and upgrades; (h) product, equipment or medical device replacements or upgrades; (i) anti-virus or malware protection; (j) product, equipment, medical device, or any component thereof that has been declared end of life/support by the OEM; (k) any corrective service, corrective action or remediation support; (l) fees or charges for third party or OEM support; (m) monitoring, detecting or analyzing security vulnerabilities, events or incidents; or (n) physical security. GE HealthCare is not responsible for providing system database maintenance for Customer, including but not limited to, activities related to backup, new users, user privileges, physician list updates, and archive/data entry.

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# **GE HealthCare On Demand Quotation - Software Terms & Conditions**

## ***Applies to On Demand Quotations that include Software***

### **1. Software.**

1.1. License. Other than as identified in this Agreement, GE HealthCare grants Customer a non-exclusive, non-transferable, non-sublicensable, perpetual license to use GE HealthCare-provided software for Customer's internal business purposes only in the United States consistent with the terms of this Agreement. Customer's independent contractors (except GE HealthCare competitors) may use the software, but Customer is responsible for their compliance with this license, and additional license fees may apply. Customer cannot modify, reverse engineer, copy or create derivative works of the software, except for making 1 backup copy, and cannot remove or modify labels or notices of proprietary rights of the software or documentation. If GE HealthCare provides third party software, Customer will comply with third party license terms, and licensors are third-party beneficiaries of this Agreement. Online registration as a licensee may be required for receipt of software and documentation. Software and documentation is licensed to Customer, but no title or other ownership interest passes.

1.2. Warranty. For software licensed from GE HealthCare, GE HealthCare warrants that: (i) it has the right to license or sublicense software to Customer; (ii) it has not inserted Disabling Code into software; (iii) it will use efforts consistent with industry standards to remove viruses from software before delivery; and (iv) unless otherwise identified herein, for 90 days from software delivery, software will perform substantially in accordance with the documentation. "Disabling Code" is code designed to interfere with the normal operation of software, but code that prohibits use outside of the license scope is not Disabling Code. If Customer promptly notifies GE HealthCare of its claim during the warranty and makes the software available, GE HealthCare will, at its option, correct the non-conformity or replace the software. Warranty service will be performed from 8am to 5pm local time, Monday-Friday, excluding GE HealthCare holidays, and outside those hours at GE HealthCare's then-current service rates and subject to personnel availability. GE HealthCare may require warranty repairs to be performed via a secure, remote connection or at an authorized service center. Prior to returning software and equipment to GE HealthCare, Customer will: (a) obtain a return to manufacturer authorization; and (b) back up and remove all information stored in the software and on the equipment (stored data may be removed during repair). Customer is responsible for damage during shipment to GE HealthCare. The warranty for software provided to correct a warranty failure is the unexpired term of the warranty for the repaired or replaced software. NO OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WILL APPLY. DOCUMENTATION IS PROVIDED "AS IS". GE HEALTHCARE DOES NOT GUARANTEE SOFTWARE WILL OPERATE WITHOUT ERROR OR INTERRUPTION.

1.3. Limitations. GE HealthCare has no obligation to Customer for warranty claims if Customer uses the software: (i) for non-medical or entertainment use or outside the United States; (ii) in combination with software, hardware, or services not recommended in writing by GE HealthCare; and (iii) in a manner or environment for which GE HealthCare did not design or license it, or in violation of GE HealthCare's recommendations or instructions. GE HealthCare has no obligation to Customer for warranty claims for damages or deficiencies outside GE HealthCare's reasonable control. In addition, warranties do not cover: (a) defects or deficiencies from improper storage or handling, maintenance or use that does not conform to OEM specifications and/or documentation, inadequate backup or virus protection, cyber-attacks, failure to maintain power quality, grounding, temperature and humidity within OEM specifications and/or documentation; (b) repairs due to power anomalies or any cause external to the software or beyond GE HealthCare's control; (c) payment or reimbursement of facility costs arising from repair or replacement of the software; (d) adjustment, alignment, calibration, or planned maintenance; (e)

network and antenna installations not performed by GE HealthCare or its subcontractors; (f) lost or stolen software; and (g) software with serial numbers altered, defaced or removed.

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## **GE HealthCare On Demand Quotation - Parts, Accessories & Supplies, Specialty Components Terms & Conditions**

***Applies to On Demand Quotations that include Parts, Accessories & Supplies, or Specialty Components***

### **1. Parts, Accessories & Supplies, and Specialty Components.**

1.1. Transportation, Title and Risk of Loss. Unless otherwise identified herein, shipping terms are FOB Destination. Title and risk of loss passes to Customer on delivery to Customer's designated delivery location.

1.2. Delivery and Returns. Delivery dates are approximate. Delivery occurs: (i) for Product, on electronic/physical delivery to Customer; and (ii) for Services, on performance. GE HealthCare will accept Customer-returned items that are in new condition, unworn, unaltered and free of damage. Items cannot be returned or exchanged beyond 30 days from Customer's receipt of the original order and all returned items will be subject to a 15% restocking fee. To obtain a full refund or exchange of the item within the 30 day return period (subject to the 15% restocking fee), Customer must request a return materials authorization (RMA) from GE HealthCare and return the item to GE HealthCare utilizing this RMA number. Items must be returned in the original packaging, unused and free of damage. Please note, cuffs, BP items, sterile and hazmat items cannot be returned. If a replacement order is requested, the restocking fee may be waived at GE HealthCare's sole discretion.

1.3. Warranty. Warranty terms for: (i) accessories and supplies are located at <https://services.gehealthcare.com/gehcstorefront/c/Accessories> (sign in required); and (ii) parts and specialty components (e.g., tubes, detectors, probes) are located at <https://services.gehealthcare.com/gehcstorefront/c/Parts> (sign in required).

1.4. Limited Use. Items are only for servicing the equipment at Customer's facility located in the United States and not for manufacturing, resale or other distribution.

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## **GE HealthCare On Demand Quotation - Room Moves/Equipment Relocation Service Terms & Conditions**

***Applies to On Demand Quotations that include Room Move/Equipment Relocation Service***

### **1. Room Moves/Equipment Relocation Service.**

1.1. Services. Room move or equipment relocation Services will be performed from 9am to 5pm local time, Monday-Friday, excluding GE HealthCare holidays, and outside those hours at GE HealthCare's then-current rates. Services assume adequate doorway and hall sizes to allow equipment removal. GE

HealthCare is not responsible for dismantling rooms or doorways. Equipment site drawings for the new location will be provided at Customer's request and Customer will pay for the drawings in the event this Agreement terminates.

1.2. De-Installation and Re-Installation. Unless otherwise identified herein, GE HealthCare will de-install the equipment and prepare it for transport. De-installation includes a functional check of the equipment and software backups prior to transport. Customer must prepare the re-installation location consistent with GE HealthCare's specifications including the installation of system cabling and assembly of equipment or hardware not provided by GE HealthCare. The new location may require new cabling, which is Customer's responsibility. Customer must provide an electrician to disconnect/re-connect power to the equipment in all locations. Unless otherwise identified herein, GE HealthCare will re-install the equipment and perform electrical checkout and calibrations.

1.3. Additional Customer Responsibilities. Customer's hardware and software must conform to GE HealthCare's requirements when operated with or connected to the equipment. Customer is responsible for costs due to delays caused by inadequate site preparation, facility requests, or other causes beyond GE HealthCare's control. Repair parts and labor required to bring the equipment up to normal operating condition and in compliance with OEM specification are Customer's responsibility. Until the equipment is de-installed and removed by GE HealthCare, Customer is responsible for risk, loss, and operation of the equipment. Prior to de-installation, Customer will back up and remove data stored on the equipment, including PHI. Customer is responsible for loss resulting from data that is not removed from the equipment.

1.4. Exclusions. Unless otherwise identified herein, this Agreement does not cover: electrical or structural details or modifications; room move or equipment relocation warranties; parts or labor for pre-existing defects; cables, rails or other hardware; loss, repair or replacement of equipment or components (including, without limitation, tubes) due to transportation or storage; replacement of cryogenics due to excessive boil-off prior to relocation or resulting from transportation; modifications or corrections to the work scope arising from concealed conditions encountered during Services; lasers and alignment; removal of equipment at the new location; cost of architectural/engineering services and construction-related work; cost of union labor if such labor is required.

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## **GE HealthCare On Demand Quotation - Ultrasound Probe Service Terms & Conditions** *Applies to On Demand Quotations that include Ultrasound Probe Service*

### **1. Ultrasound Probe Service.**

1.1. Probe Evaluation. Upon completion of GE HealthCare's evaluation of Customer's defective probe ("Customer's Probe"), Customer will approve one of the options identified in the description herein. If Customer fails to approve an option within 30 days, Customer's Probe will be returned and any evaluation and loaner fees will immediately become due.

1.2. Probe Repair Service. GE HealthCare will use commercially reasonable efforts to repair Customer's Probe. GE HealthCare warrants that its repair service and repaired/replaced parts will be free from defects in material and workmanship under normal use and service for a period of 6 months following delivery of the repaired probe to Customer. GE HealthCare will re-perform any non-conforming service as long as Customer provides prompt written notice. NO OTHER EXPRESS OR IMPLIED WARRANTIES,

INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WILL APPLY. GE HealthCare may use new, used, refurbished, repaired or non-OEM parts. If an exchange part is provided, the original becomes GE HealthCare property and GE HealthCare will remove it from Customer's site or Customer must return it to GE HealthCare within a reasonable timeframe of replacement to avoid being billed for the non-returned part.

1.3. Probe Purchase. If Customer purchases a probe (new, refurbished, repaired, used, loaner), (i) the value of Customer's exchange probe (which becomes GE HealthCare property) is calculated in the purchase price, and (ii) the purchase price does not include evaluation or loaner fees which are Customer's responsibility.

1.4. Other Terms and Conditions. GE HealthCare may modify the prices identified herein or decline to repair Customer's Probe if it has been altered or previously repaired, or has internal damage that is not identifiable during the evaluation. All shipping and handling expenses are Customer's responsibility.



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

February 18, 2025

**SUBJECT:** Proposed On Demand Services Quotation and Price Quote with GE HealthCare

**Requested Action:** Approve; Authorize Chairman to sign; Authorize Chief Executive Officer to approve future quotations with GE HealthCare terms and conditions

**Summary**

Kern Medical requests your Board approve the proposed On Demand Services Quotation and Price Quote with GE HealthCare, for repair and purchase of parts for BiliSoft Phototherapy 2.0 System device, C220146. This device provides phototherapy for neonatal patients. GE HealthCare provides reliable and cost-effective repair services and parts. The cost for repair services is \$1,000 and the cost for replacement parts is \$2,203.

Counsel is unable to approve the terms as to form because they do not include indemnification for the Authority. Despite negotiations, counsel was unsuccessful in negotiating these terms.

Given the frequency in which GE HealthCare is used for repair services, Kern Medical requests your Board authorize the Chief Executive Officer to sign future repair quotations, with terms identical to the proposed terms before your Board, that otherwise conform to your Board's delegation of authority to the Chief Executive Officer to enter into contracts and secure and pay for professional services.

Therefore, it is recommended that your Board approve the proposed On Demand Services Quotation and Price Quote with GE HealthCare, for repair and purchase of parts of a BiliSoft Phototherapy 2.0 System device with a not to exceed amount of \$3,203 plus tax and shipping, authorize the Chairman to sign, and authorize Chief Executive Officer to approve future quotations with GE HealthCare subject to approval as to form by counsel.



# GE Healthcare

# ON DEMAND SERVICES Quotation Form

KERN COUNTY HOSPITAL AUTHORITY 1700 MT VERNON AVE BAKERSFIELD CA 93306 USA	1/27/2025 P: 800-558-7044 Opt 3,2,1 <a href="mailto:PCSDepot.CustomerSupport@gehealthcare.com">PCSDepot.CustomerSupport@gehealthcare.com</a>
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We are pleased to submit the following quotation at prices and terms stated, subject to your acceptance of terms and conditions on the face and back hereof. This quotation expires **30** days after the date listed above.

QUANTITY	DESCRIPTION	PRICE
1	BILISOFT 2.0 PT SYSTEM ENGLISH US PLUG SMALL PAD - Depot Repair Serial # HGAB60228  Please ensure your PO is created to reflect this remit to address: Datex Ohmeda PO Box 641936 Pittsburgh, PA 15264  <b>The normal repair flat rate is \$1,000</b>  <b>If requested, you can be contacted prior to repair if it ends up being            the major rate.</b>  <b>Once you have the purchase order number, please call 800-558-7044            Opt 3,2,1 to set up the service request.</b>	\$1,000
	Purchase Order # (Required): _____	<b>\$1,000</b>

This Agreement is by and between Customer and GE Healthcare. GE Healthcare agrees to provide and Customer agrees to pay for the products and/or services set forth in this Agreement in accordance with the terms and conditions set forth herein. This Agreement is comprised of (1) this On Demand Services Quotation Form, and (2) the included GE Healthcare General Terms and Conditions. In the event of conflict among the foregoing items, the order of precedence is as numbered above. This Agreement is not tied to an umbrella purchasing agreement or other group purchasing agreement unless expressly indicated. This Agreement is subject to withdrawal by GE Healthcare at any time before acceptance. Customer accepts by signing and returning this Agreement or by otherwise providing evidence of acceptance satisfactory to GE Healthcare. Upon acceptance, this Agreement and the related terms and conditions listed above shall constitute the complete and final agreement of the parties relating to the products and/or services identified in this Agreement. The parties agree that they have not relied, and are not relying, on any oral or written promises, terms, conditions, representations or warranties, express or implied, outside those expressly stated or incorporated by reference in this Agreement. No agreement or understanding, oral or written, in any way purporting to modify this Agreement, whether contained in Customer's purchase order or shipping release forms, or elsewhere, shall be binding unless hereafter agreed to in writing by authorized representatives of both parties. Each party objects to any terms inconsistent with this Agreement proposed by either party unless agreed to in writing and signed by authorized representatives of both parties, and neither the subsequent lack of objection to any such terms, nor the delivery of products or services, shall constitute an agreement by either party to any such terms. The parties agree that any provision in this Agreement in 'all caps' type satisfies any requirements at law or in equity that provisions be conspicuously marked.

By signing below, each party certifies that it has not made any handwritten modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and any indication in the various open fields on this Support Summary) will be void.

TERMS OF PAYMENT: Payment in full is due upon receipt of our invoice.

**REMIT TO ADDRESSES** (Remit to only- **DO NOT SHIP** TO BELOW ADDRESSES)  
 GE Medical Systems, 5517 Collections Center Dr Chicago, IL 60693

AGREED TO AND ACCEPTED BY:

Your Name (PRINT): \_\_\_\_\_

REVIEWED ONLY  
 NOT APPROVED AS TO FORM



Depot Repair Customer Support

GE Representative

ROSELYN CALALAS

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

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

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

**GE Healthcare General Terms and Conditions**

References herein to "Products" and "Services" mean the Products (including equipment and software) and Services identified on the GE Healthcare Quotation ("Quotation").

**1. General Terms**

1.1. Confidentiality. Each party will treat the terms of this Agreement and the other party's written, proprietary business information as confidential if marked as confidential or proprietary. Customer will treat GE Healthcare's (and GE Healthcare's third party vendors') software and technical information as confidential information whether or not marked as confidential and shall not use or disclose to any third parties any such confidential information except as specifically permitted in this Agreement or as required by law (with reasonable prior notice to GE Healthcare) or as is required by the U.S. Federal government in its capacity as a customer. The receiving party shall have no obligation with respect to any information which (i) is or becomes within the public domain through no act of the receiving party in breach of this Agreement, (ii) was in the possession of the receiving party prior to its disclosure or transfer and the receiving party can so prove, (iii) is independently developed by the receiving party and the receiving party can so prove, or (iv) is received from another source without any restriction on use or disclosure.

1.2. Governing Law. The law of the State where the Product is installed or the Service is provided will govern this Agreement.

1.3. Force Majeure. Neither party is liable for delays or failures in performance (other than payment obligations) under this Agreement due to a cause beyond its reasonable control. In the event of such delay, the time for performance shall be extended as reasonably necessary to enable performance.

1.4. Assignment; Use of Subcontractors. Neither party may assign any of its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may transfer and assign this Agreement without the other party's consent to any person or entity (except to a GE Healthcare competitor) that is an affiliate of such party or that acquires substantially all of the stock or assets of such party's applicable business if any such assignee agrees, in writing, to be bound by the terms of this Agreement, including the payment of any existing or outstanding fees and invoices. Subject to such limitation, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement shall not be terminable in the event of any Customer stock or asset sale, merger, acquisition or change in control, unless otherwise expressly agreed to in writing by GE Healthcare. GE Healthcare may hire subcontractors to perform work under this Agreement (including, but not limited to, work that involves access to Protected Health Information as such term is defined in 45 C.F.R. § 160.103 ("PHI")), provided that GE Healthcare will at all times remain responsible for the performance of its obligations and duties under this Agreement.

1.5. Amendment; Waiver; Survival. This Agreement may be amended only in writing signed by both parties. Any failure to enforce any provision of this Agreement is not a waiver of that provision or of either party's right to later enforce each and every provision. The terms of this Agreement that by their nature are intended to survive its expiration (such as the confidentiality provisions included herein) will continue in full force and effect after its expiration.

1.6. Termination. If either party materially breaches this Agreement and the other party seeks to terminate this Agreement for such breach, such other party shall notify the breaching party in writing, setting out the breach, and the breaching party will have 60 days following receipt of such notice to remedy the breach. If the breaching party fails to remedy the breach during that period, the other party may terminate this Agreement by written notice to the breaching party. If GE Healthcare determines in good faith at any time that there are material credit issues with this Agreement, then GE Healthcare may terminate this Agreement (including warranty services hereunder) immediately upon written notice to Customer. For the avoidance of doubt, this Agreement is not terminable for convenience and may only be terminated in accordance with this Agreement.

**2. Compliance**

2.1. Generally. Each party will comply with the requirements of Federal and State laws and regulations that are applicable to such party. This Agreement is subject to GE Healthcare's on-going determination that Customer and this Agreement comply with all applicable laws and regulations, including those relating to workplace safety, FDA matters, Federal Healthcare Program Anti-kickback compliance, export/import control and money laundering prevention. CUSTOMER ACKNOWLEDGES THAT THE PRODUCTS ARE OR MAY BE SUBJECT TO REGULATION BY THE FDA AND OTHER FEDERAL OR STATE AGENCIES. CUSTOMER SHALL NOT USE OR PERMIT THE PRODUCTS TO BE USED IN ANY MANNER THAT DOES NOT COMPLY WITH APPLICABLE FDA OR OTHER REGULATIONS OR FOR ANY NON-MEDICAL, ENTERTAINMENT, OR AMUSEMENT PURPOSES. Customer shall not use or permit the Product to be used or operated by any person who does not have sufficient knowledge to competently perform the required task and who is not fully trained on the operation of the Product. Customer is solely responsible for ensuring that Customer and its employees, licensed and unlicensed healthcare staff, representatives, agents and/or contractors who operate, maintain and/or have access to the Products and/or Services, excluding GE Healthcare employees, representatives, agents and/or contractors ("Customer Personnel") are properly trained and fully competent on the operation of the Product. Further, Customer represents that it is purchasing the Products for its own use consistent with the terms of this Agreement and that it does not intend to re-sell the Products to any other party or to export the Products outside the country to which GE Healthcare delivers the Products.

2.2. Cost Reporting. Customer represents and warrants that it shall comply with (a) the applicable requirements of the Discount Statutory Exception, 42 U.S.C. 1320a-7b(b)(3)(A), and the Discount Safe Harbor, 42 C.F.R. § 1001.952(h), with respect to any discounts Customer may receive under this Agreement and (b) the Warranties Safe Harbor, 42 C.F.R. § 1001.952(g), with respect to any price reductions of an item (including a free item) which were obtained as part of a warranty under this Agreement. Customer agrees that, if Customer is required to report its costs on a cost report, then (i) the discount must be based on purchases of the same good bought within a fiscal year; (ii) Customer must claim the benefit in the fiscal year in which the discount is earned or in the following year; (iii) Customer must fully and accurately report the discount in the applicable cost report; and (iv) Customer must provide, upon request, certain information required to be provided to Customer by GE Healthcare as a seller or offeror, as appropriate. If Customer is an individual or entity in whose name a claim or request for payment is submitted for the discounted items, the discount must be made at the time of the sale of the good; and Customer must provide, upon request, certain information required to be provided to Customer by GE Healthcare as a seller or offeror, as appropriate. GE Healthcare agrees to comply with the applicable requirements for sellers or offerors under the Discount Safe Harbor, as appropriate.

2.3. Network Security and Site Access Control. Customer shall be solely responsible for establishing and maintaining network security, virus protection, backup and disaster recovery plans for any data, images, software or equipment. GE Healthcare shall not be responsible for any recovery of lost data or images. Customer shall comply with all applicable laws and regulations related to site access control.

2.4. Environmental Health and Safety. GE Healthcare shall have no obligation to provide Products and/or perform Services until Customer (i) provides and maintains a suitable, safe and hazard-free location and environment for the GE Healthcare Products and personnel performing Services in material compliance with all applicable Federal, State, and local requirements, as well as any written requirements provided by GE Healthcare, (ii) performs GE Healthcare recommended routine maintenance and operator adjustments on the Product, and (iii) ensures that any service not provided by GE Healthcare is performed, and GE Healthcare Products are used, in accordance with applicable user documentation. Customer shall provide written information to GE Healthcare personnel who will be present on Customer's site about Customer's safety

procedures and practices as well as a list of any hazardous materials, such as asbestos, lead or mercury, on or near Customer's site that GE Healthcare personnel may come in contact with and any associated Safety Data Sheets. Customer shall be responsible for taking all necessary actions to properly abate, remove and/or remediate any hazardous conditions or materials, including removing blood, body fluids and other potentially infectious materials. GE Healthcare shall have no responsibility to abate, or liability for, any existing hazardous conditions at Customer site. Customer shall be responsible for proper management, storage and disposal of all service and/or installation-related waste, unless GE Healthcare is legally required to take back the materials (e.g., batteries, WEEE, packaging).

2.5. **Parts Not Supplied By GE Healthcare.** GE Healthcare recommends the use of parts that it has (i) validated through configuration and (ii) received from authorized suppliers. GE Healthcare is not responsible for the quality of parts supplied by third parties to Customer. GE Healthcare cannot assure Product functionality or performance when non-GE Healthcare parts are used on the Product.

2.6. **Training.** Any Product training identified in the Quotation shall be in accordance with GE Healthcare's then-current training offerings and terms. Customer agrees that completion of GE Healthcare's training offerings does not guarantee that Customer and Customer Personnel are fully and completely trained on the use, maintenance, and operation of the Product or that completion of GE Healthcare's training will satisfy any licensure and/or accreditation standards. Customer further agrees that it is Customer's sole and non-delegable duty to ensure that Customer and Customer Personnel are properly trained on and fully qualified in the use and operation of the Product. Unless otherwise stated in the training catalog description, training must be completed by Customer within 12 months after (i) the date of Product delivery for training purchased with Products, (ii) the start date for Services for training purchased with Services, or (iii) the date Customer purchases training if such training is not purchased with Products and/or Services. If training is not completed within the applicable time period due to no fault of GE Healthcare, GE Healthcare's obligation to provide the training will expire without refund.

2.7. **Medical Diagnosis and Treatment.** All clinical and medical treatment and/or diagnostic decisions are the sole responsibility of Customer and Customer Personnel. Customer agrees that GE Healthcare is in no way responsible for the clinical and medical treatment and/or diagnostic decisions made by Customer and Customer Personnel.

2.8. **Use of Data.** To the extent GE Healthcare creates, receives, maintains, transmits or otherwise has access to any PHI in the course of performing under this Agreement, GE Healthcare shall only use and disclose such PHI as permitted by the administrative simplification section of the Health Insurance Portability and Accountability Act of 1996, Pub. Law 104-191 (August 21, 1996), its implementing regulations, and the Health Information Technology for Economic and Clinical Health ("HITECH") Act and its implementing regulations (collectively, "HIPAA"), and the applicable Business Associate Agreement between the Parties. Customer agrees that GE Healthcare may also create, receive, maintain, transmit and otherwise have access to machine, technical, system, usage and related information that is not PHI, including, but not limited to, information about Customer's Product, Service, system and software, that is gathered periodically to facilitate the provision of Product support, consulting, training and other services to Customer (if any), and to verify compliance with the terms of this Agreement. GE Healthcare or its agents may use such information to provide, develop or improve GE Healthcare's products or services.

### 3. Disputes; Liability

3.1. **Waiver of Jury Trial.** UNLESS OTHERWISE EXPRESSLY PROHIBITED BY APPLICABLE LAW, EACH PARTY EXPRESSLY WAIVES ALL RIGHTS TO A JURY TRIAL IN CONNECTION WITH ANY DISPUTE ARISING UNDER THIS AGREEMENT.

3.2. **Limitation of Liability.** GE HEALTHCARE'S ENTIRE LIABILITY AND CUSTOMER'S EXCLUSIVE REMEDY FOR ANY DIRECT DAMAGES INCURRED BY CUSTOMER FROM ANY CAUSE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN AN ACTION IN CONTRACT, TORT, PRODUCT LIABILITY, STATUTE, EQUITY OR OTHERWISE, ARISING UNDER THIS AGREEMENT OR RELATED HERETO, SHALL NOT EXCEED THE PRICE FOR THE PRODUCT OR SERVICE THAT IS THE BASIS FOR THE CLAIM. THE LIMITATION OF LIABILITY SHALL APPLY EVEN IF THE LIMITED REMEDIES FAIL OF THEIR ESSENTIAL PURPOSE.

3.3. **Exclusion of Damages.** NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY UNDER THIS AGREEMENT (OR OTHERWISE IN CONNECTION WITH THE PRODUCTS AND SERVICES) FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES, OR FOR LOSS OF PROFITS, REVENUE, TIME, OPPORTUNITY OR DATA, WHETHER IN AN ACTION IN CONTRACT, TORT, PRODUCT LIABILITY, STATUTE, EQUITY OR OTHERWISE. THE EXCLUSION OF DAMAGES SHALL APPLY EVEN IF THE LIMITED REMEDIES FAIL OF THEIR ESSENTIAL PURPOSE.

### 4. Payment and Finance

4.1. **Generally.** The payment and billing terms for the Product(s) and/or Service(s) are stated in the Quotation.

4.2. **Late Payment.** Failure to make timely payment is a material breach of this Agreement, for which (in addition to other available remedies) GE Healthcare may suspend performance under this Agreement or suspend the provision of support and maintenance or licenses for the Product(s) licensed or sold under this Agreement until all past due amounts are brought current. If GE Healthcare so suspends, GE Healthcare will not be responsible for the completion of planned maintenance due to be performed during the suspension period and any product downtime will not be included in the calculation of any uptime commitment. Interest shall accrue on past-due amounts at a rate equal to the lesser of 1.5% per month or the maximum rate permitted by applicable law. Customer will reimburse GE Healthcare for reasonable costs (including attorneys' fees) relating to collection of past due amounts. Any credits and/or unapplied cash that may be due to Customer under an agreement may be applied first to any outstanding balance. If Customer has a good faith dispute regarding payment for a particular Product (or subsystem thereof) or Service, Customer shall notify GE Healthcare in writing of such dispute within 20 days of the invoice date and shall work with GE Healthcare in good faith to promptly resolve such dispute. GE Healthcare may revoke credit extended to Customer and designate Customer and all agreements with Customer to be on credit hold because of Customer's failure to pay for any Products or Services when due, and in such event all subsequent shipments and Services shall be paid in full on receipt.

4.3. **Taxes.** Prices do not include sales, use, gross receipts, excise, valued-added, services, or any similar transaction or consumption taxes ("Taxes"). Customer shall be responsible for the payment of any such Taxes to GE Healthcare unless it otherwise timely provides GE Healthcare with a valid exemption certificate or direct pay permit. In the event GE Healthcare is assessed Taxes, interest or penalty by any taxing authority, Customer shall reimburse GE Healthcare for any such Taxes, including any interest or penalty assessed thereon. Each party is responsible for any personal property or real estate taxes on property that the party owns or leases, for franchise and privilege taxes on its business, and for taxes based on its net income or gross receipts.

### 5. Service

5.1. **Service Warranties.** GE Healthcare warrants that its Services will be performed by trained individuals in a professional, workman-like manner. GE Healthcare will promptly re-perform any non-conforming Services for no charge as long as Customer provides reasonably prompt written notice to GE Healthcare. The foregoing Service remedies are Customer's sole and exclusive remedies (and GE Healthcare's sole and exclusive liabilities) for Service warranty claims. These exclusive remedies shall not have failed of their essential purpose (as that term is used in the Uniform Commercial Code) as long as GE Healthcare remains willing to re-perform any non-conforming Services for no charge, as applicable, within a commercially reasonable time after being notified of Customer's claim. NO OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE WILL APPLY. GE Healthcare may use refurbished or non-OEM parts during Service. Any part for which GE Healthcare has supplied a replacement (excluding biomed parts, which shall be properly disposed of by Customer) shall become GE Healthcare property.

5.2. **Software License.** For any software provided by GE Healthcare under this Agreement, the license for such software shall be the software license provided with the applicable software. Customer acknowledges that GE Healthcare may request Customer and Customer Personnel to register online as a licensee for receipt of certain service software and related documentation.

5.3. **Independent Contractor.** GE Healthcare and Customer are independent contractors and nothing contained in this Agreement is intended nor shall it be construed as creating a fiduciary relationship, partnership or joint venture between the parties, except as otherwise agreed in writing by the parties.

5.4. **Connectivity (Applies Only to Products with InSite™ or iLing™).** Customer will provide GE Healthcare with access via connection validated by GE Healthcare for the Product such as an internet connection, VPN persistent access, or other secure remote access reasonably requested by GE Healthcare to permit GE Healthcare to perform Services and meet service levels, including remote diagnostic, monitoring and repair services. If Customer does not permit GE Healthcare to connect via a connection validated by GE Healthcare for the Product and the service representative must therefore be dispatched to the Customer site, then Customer will pay GE Healthcare at GE

Healthcare's then-current standard applicable contract overtime rate for Services performed by the service representative. Unless Customer specifically requests in writing that GE Healthcare disable the remote connection, the remote connection will continue to connect to Customer's Products following expiration of this Agreement.

## **6. Parts/Accessories (if applicable)**

6.1. Transportation, Title and Risk of Loss. Shipping terms are FOB Destination. Title and risk of loss to equipment passes to Customer upon delivery to Customer's designated delivery location. Software is licensed to Customer; no title to or other ownership interest in such software passes to Customer.

6.2. Delivery. When feasible, GE Healthcare reserves the right to make delivery in installments. All such installments shall be separately invoiced and paid for when due, without regard to subsequent deliveries. At the time of such delivery, Customer will pay GE Healthcare for any amounts due upon delivery. Delivery dates are approximate. For GE Healthcare software or documentation, delivery means the first to occur of: (i) communication to Customer through electronic means, that allows Customer to take possession of the first copy or product master, or (ii) delivery to Customer's designated delivery location.

6.3. Product Returns. Customer shall not have any right to return Products for a refund after delivery except for products shipped in error that are different from the Products listed in the Quotation.

6.4. Acceptance. Customer shall be deemed to have accepted a Product delivered by GE Healthcare under this Agreement upon delivery.

### **6.5. Warranty.**

- Warranties for hardware and software accessories are set forth in GE Healthcare's applicable Warranty Statement.
- Warranties for OEM parts are as set forth by the OEM in the applicable parts package as provided by the OEM.
- Warranties for GE Healthcare Specialty Components (Tubes, Detectors, and Probes) are set forth in the applicable Specialty Component Warranty Statement.
- Warranties for GE Healthcare Parts (excluding Specialty Components) shall be as follows: Each new, used, or exchange (refurbished) part purchased from GE Healthcare will be free from defects in material, workmanship, and title, and will conform to GE Healthcare's published specifications for such part on the date of shipment of the part. Part specifications are available on request. The warranty period for the above remedies (except warranty of title) is 120 days for new and exchange parts, and 90 days for used parts. The warranty period shall begin on the day after either (a) the part is installed by GE Healthcare or (b) the delivery date of such part (if such part is shipped). If Customer promptly notifies GE Healthcare of Customer's warranty claim during the warranty period and makes the warranted part available for service, GE Healthcare will, at its option either repair, adjust or replace (with new or exchange replacement parts) the non-conforming warranted part. The foregoing remedy is Customer's sole and exclusive remedy (and GE Healthcare's sole and exclusive liability) for warranty claims. These exclusive remedies shall not have failed of their essential purpose (as that term is used in the Uniform Commercial Code) as long as GE Healthcare remains willing to repair or replace defective warranted part or re-perform any non-conforming services for no charge, as applicable, within a commercially reasonable time after being notified of Customer's warranty claim. NO OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE WILL APPLY. The warranty period for any part furnished to Customer to correct a warranty failure will be the remaining term of the warranty applicable to the original part. The warranties do not cover: (a) any defect or deficiency (including failure to conform to part specifications) which result, in whole or in part, from (1) any alteration, improper storage, mishandling, misuse, or improper maintenance, or any extraordinary use of the part or the equipment in which the part is installed by anyone other than GE Healthcare, (2) failure to follow any GE Healthcare written recommendations or instructions, (3) using or combining the part with any item or data except as specified in the part specifications or using or combining the part with any item or data that does not properly and unambiguously exchange data with the part in accordance with any of the part or product specifications, (4) any of Customer's designs, specifications, or instructions, (5) any failure to use the part in accordance with the specifications, including upper and lower date limits, (6) any failure of the product other than the part to use or process correctly dates, or (7) any cause external to the parts as furnished by GE Healthcare or beyond GE Healthcare's reasonable control; (b) products which are not listed in GE Healthcare's price pages at the time of sale (normally identified by NL or NW serial numbers). Non-listed parts are provided with the manufacturer's warranties, if any, that GE Healthcare is permitted to pass on. Otherwise, non-listed parts are provided AS-IS; and (c) parts installed outside the United States and Canada.
- These warranty statements/forms are the complete and exclusive statement of the warranty terms herein. No warranty is furnished for anything excluded from the warranty forms or for operating documentation, operating tools parts, or room moves. These items are provided AS IS. NO OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE WILL APPLY. Parts may be new, used, or refurbished. Any part for which GE Healthcare has supplied a replacement shall become GE Healthcare property.

6.6. Limited Use. Parts are intended only for use in servicing the equipment at the facility in which it was intended as included herein, and are not for resale or other distribution. Parts are not intended for servicing any other equipment or for manufacturing or refurbishing any equipment. GE Healthcare reserves the right to reject without liability any order and to revoke without liability any acceptance if it reasonably determines that a part is not intended for use in servicing equipment.

### **7. Room Moves/Product Relocation Service (if applicable)**

7.1. Services. GE Healthcare room move or Product relocation Services will be performed in accordance with applicable GE Healthcare installation guides and project plans. GE Healthcare will perform Services Monday-Friday, 9am-5pm (excluding GE Healthcare holidays). Services performed outside of these hours will be billed at GE Healthcare's then-current rate. The Services assume adequate doorway and hall sizes to allow passage of the Product to be moved. GE Healthcare is not responsible for dismantling of rooms or doorways if needed for Product removal or re-installation. Equipment site drawings for the new location will be provided at Customer's request at no additional charge. However, in the event Customer terminates this Agreement, Customer will be responsible for GE Healthcare's cost in preparing the site drawings and will be invoiced separately.

7.2. De-Installation and Relocation. Unless otherwise set forth herein, GE Healthcare will mechanically de-install the Product and prepare it for transport. De-installation will include a functional check of the Product and any appropriate software back-ups prior to removal and all preparation necessary to ready the Product for transport by an equipment mover. GE Healthcare equipment dollies will be used where applicable and GE Healthcare will transport the Product to its new location.

7.3. Re-Installation Location and Calibration. Customer will prepare the location for the re-installation of the Product consistent with GE Healthcare's written specification including the installation of necessary system cable and assembly of any equipment or hardware not provided by GE Healthcare. The Product's new room/location may require the use of new cabling. Customer is responsible for the cost of new cabling, if applicable (i.e., this Quotation does not include the price of new cables). Customer will provide an electrician to disconnect and re-connect power to the Product in both locations. Unless otherwise set forth herein, GE Healthcare will mechanically install the Product and perform electrical checkout and calibrations. With the exception of cabling, GE Healthcare will cover the cost of repair parts and labor if a GE Healthcare service agreement exists. Re-installation will include the physical installation of the Product, calibration to system specifications, and testing as necessary to meet applicable requirements.

7.4. Additional Customer Responsibilities. For Product that will be operated with or connected to Customer supplied hardware or software, Customer is responsible for ensuring that its hardware and software conform to GE Healthcare's minimum hardware and software requirements. Customer is responsible for all costs due to delays and work slowdowns caused by inadequate site preparation, facility requests, or other circumstances beyond GE Healthcare's reasonable control. Any repair and labor needed to bring the Product up to a fully operational system during initial functional check or during re-installation is the responsibility of Customer, and will be invoiced separately. Prior to de-installation and removal of a Product, Customer will ensure that the site where the Product is located and the Product itself are clean and free of bodily fluids, blood and other potentially infectious materials that may have the potential to carry diseases. Customer is responsible for remediating all bio-hazards that may be discovered during the de-installation process (e.g., under equipment covers/below access flooring/cable ducts, etc). Customer is responsible for the proper management and disposal of the following material that may be located at Customer's site: radioactive sources, PET radioactive pins; biohazard filled bags; pharmaceuticals; and all other materials considered hazardous under U.S. Department of Transportation shipping regulations. These materials will be left in Customer's possession for management, transportation, and disposal by Customer or its contractors in accordance with applicable legal requirements. Until the Product is de-installed and removed by GE Healthcare, Customer is responsible for risk and loss of the Product and the proper operation of the Product. Customer shall ensure that all PHI is removed from the Product before the Product is

removed. Customer represents and warrants that it has removed all PHI from the Product and agrees to indemnify GE Healthcare for any loss whatsoever resulting from any PHI that is not removed from the Product. The parties agree that GE Healthcare shall have no obligations whatsoever in connection with any PHI that is not properly removed from the Product by Customer.

7.5. **Exclusions.** Unless otherwise set forth herein, this Agreement does not cover: cables; electrical or structural details or modifications; any warranty for the room move; parts or labor for pre-existing damage of non-functionality documented in system assessment; new cabling, rails or other hardware resulting from changes in size and orientation for the new location or changes in cable lengths; any repair parts and associated labor needed to bring the Product up to a fully operational condition; loss, repair or replacement of Product or components, including x-ray tubes, due to transportation or storage of equipment; replacement of cryogenics due to excessive boil-off prior to relocation or resulting from transportation; modifications or corrections to the work scope dictated by concealed conditions encountered in the performance of the work not indicated by the drawings or specifications; lasers and alignment; removal of any equipment in current rooms at the new location; cost of modifying the existing facility in order to allow for the removal, movement, and re-installation of the Product; cost of any architectural/engineering services, and construction-related work; cost of union labor if such labor is required.

#### **8. Ultrasound Probe Service (if applicable)**

8.1. **Probe Evaluation.** Upon receipt of Customer's defective probe ("Customer's Probe"), GE Healthcare shall conduct an evaluation, which may include, among other practices, the full disassembly of Customer's Probe (the "Evaluation"). The Evaluation fee is listed in the Quotation. Customer agrees to hold GE Healthcare harmless from any and all damage caused to Customer's Probe during the Evaluation. Upon completion of the Evaluation, GE Healthcare shall obtain Customer's approval of one of the following courses of action: (i) GE Healthcare repairs Customer's Probe as set forth in Section 8.2 below; (ii) Customer purchases a probe from GE Healthcare as set forth in Section 8.3 below; or (iii) Customer purchases a loaner probe from GE Healthcare as set forth in Section 8.5 below. Notwithstanding anything to the contrary herein, Customer shall remain responsible for the payment of the Evaluation fee. GE Healthcare reserves the right to modify the prices listed in the Quotation or decline to repair Customer's Probe to the extent that Customer's Probe may have been altered or previously repaired, or may have internal damage that is not identifiable during the Evaluation, which could require additional service and additional charges than what is listed in the Quotation, and may impair GE Healthcare's ability to provide probe repair service.

8.2. **Probe Repair Service.** In the event Customer desires to have Customer's Probe repaired, GE Healthcare will use commercially reasonable efforts to repair Customer's Probe. The probe repair service fee is listed in the Quotation. Except as otherwise set forth in Section 8.4 below, the probe repair service fee includes the fee for any loaner probe (if applicable). GE Healthcare warrants that the repaired probe with respect to the repaired/replaced parts and service provided by GE Healthcare, will be free from defects in material and workmanship under normal use and service for a period of 90 days following delivery of the repaired probe to Customer. GE Healthcare will promptly re-perform any non-conforming service for no charge as long as Customer provides reasonable prompt written notice to GE Healthcare. The foregoing service remedy is Customer's sole and exclusive remedy (and GE Healthcare's sole and exclusive liability) for probe repair service warranty claims. This exclusive remedy shall not have failed its essential purpose (as that term is used in the Uniform Commercial Code) as long as GE Healthcare remains willing to re-perform any non-conforming services for no charge, as applicable, within a commercially reasonable time after being notified of Customer's claim. NO OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE WILL APPLY.

8.3. **Probe Purchase.** If, instead of having its probe repaired, Customer desires to purchase a probe (new or refurbished) from GE Healthcare, GE Healthcare may (in GE Healthcare's sole discretion) accept Customer's Probe as a trade-in at GE Healthcare's then current trade-in value. The details of such probe purchase will be set forth in a separate purchase agreement.

8.4. **Loaner Probe.** GE Healthcare may, for an additional fee and subject to availability, provide Customer with a loaner probe while evaluating and/or servicing Customer's Probe. Such loaner probe shall be subject to the following: (i) the loaner probe shall be for Customer's temporary use only, and Customer agrees to keep the loaner probe at the location identified in the Quotation; (ii) the loaner probe shall remain GE Healthcare property, but risk of loss passes to Customer upon delivery of the loaner probe; (iii) Customer agrees to maintain the loaner probe in proper operating condition and in accordance with GE Healthcare's operating instructions and return it to GE Healthcare in this condition (normal wear and tear excepted), and if Customer does not return the loaner probe in proper operating condition, GE Healthcare may invoice Customer for the full list price of the loaner probe; (iv) Customer will not repair, or permit others to repair, the loaner probe without the prior written consent of GE Healthcare; (v) if GE Healthcare does not receive the loaner probe within 30 days of Customer's receipt of Customer's Probe, the repaired probe, or the probe purchased by Customer from GE Healthcare (as applicable), GE Healthcare may invoice Customer for the full list price of the loaner probe; and (vi) if GE Healthcare does not receive Customer's Probe within 30 days of Customer's receipt of the loaner probe, GE Healthcare may invoice Customer for the full list price of the loaner probe. Loaner probes are provided AS IS with NO WARRANTIES OF ANY KIND, INCLUDING NO IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8.5. **Loaner Probe Purchase.** In the event Customer desires to purchase the loaner probe from GE Healthcare and GE Healthcare agrees to sell Customer the loaner probe, then GE Healthcare may (in GE Healthcare's sole discretion) accept Customer's Probe as a trade-in at GE Healthcare's then current trade-in value. The details of such probe purchase will be set forth in a separate purchase agreement.

8.6. **Other Terms and Conditions.** All shipping and handling expenses related to Customer's Probe and loaner probes are the responsibility of Customer. Prior to shipping Customer's Probe or a loaner probe to GE Healthcare, Customer will ensure that Customer's Probe and the loaner probe is clean, disinfected, and free of body fluids, blood and other potentially infectious materials that may have the potential to carry diseases. Customer represents and warrants that it owns Customer's Probe and Customer's Probe is free and clear of all liens, claims, encumbrances or restrictions of any kind. In the event Customer declines suggested probe repairs, Customer's Probe will be returned to Customer and Customer will be responsible for the payment of any Evaluation and loaner fees.



# Price Quote

Please review the quote details below and save or print this email for your records. Reference the Quote Record# upon order placement. Quote valid for 30 days.

For questions or to place the order, please call:  
800-345-2700 GE Datex-Ohmeda      800-558-7044 GE Medical Systems IT      800-558-2040 GE Precision HealthCare - Imaging

**Quote Record#:** 1-72CBD78A  
**Quote Date:** 01/23/2025 12:00:10  
**Quote Creator:** 550001068  
**SystemID/Serial#:** HGAB60228

**Contact Name:** Lauren Lopez  
**Phone Number:** (661) 326-2580  
**Email Address:** lauren.lopez@kernmedical.com  
**Customer PO#:** QUOTE

**Ship To:**  
130382  
KERN COUNTY HOSPITAL AUTHORITY  
1700 MT VERNON AVE BAKERSFIELD CA USA 93306

**Bill To:**  
130382  
KERN COUNTY HOSPITAL AUTHORITY  
1700 MT VERNON AVE BAKERSFIELD CA USA 93306

Part Number	Description	Qty	Customer Price	Extended Customer Price	Exchange Part
2104630-001	LED MODULE ASSEMBLY FRU KIT -BILISOFT 2.0	1	\$1,913.00	\$1,913.00	N

**S/H will vary based on delivery option**  
**Delivery Option:** 5-7 Days Ground

**Line Total:** \$1,913.00  
**S&H Total:** \$90.00  
**Order Total:** \$2,003.00

Invoice will reference this quote's legal entity. Please generate PO accordingly.

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By: Phillips Jenkins  
Kern County Hospital Authority

KERN COUNTY HOSPITAL AUTHORITY

**Datex-Ohmeda, Inc.**

By: \_\_\_\_\_  
Chairman, Board of Governors

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





## Price Quote

*The information contained in this electronic message is privileged and confidential and is intended for the use of the individual(s) named above and others who have been specifically authorized to receive it. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please destroy it immediately, and notify the sender. Thank you.*





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

February 18, 2025

**Subject:** Proposed deSoutter Medical USA, Inc., Repair Quotation and Terms and Conditions of Sale for repair of CC7 cast saw

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

**Summary:**

Kern Medical requests your Board approve the proposed Repair Quotation Terms and Conditions of Sale with deSoutter Medical USA, Inc., for repair of a CC7 Cast Saw in an amount not to exceed \$552. This equipment is no longer supported by the manufacturer requiring Kern Medical to seek repair from deSoutter a trusted-third party repair vendor.

Counsel is unable to approve the terms as to form as they are the unmodified vendor's terms which not include indemnification for the Authority, the Agreement is governed by the laws of North Carolina among other non-standard terms. Despite negotiations, counsel was unsuccessful in negotiating these terms.

Therefore, it is recommended that your Board approve the proposed Repair Quotation Terms and Conditions of Sale with deSoutter Medical USA, Inc., for repair of a CC7 Cast Saw with a not to exceed amount of \$552 plus taxes and fees, and authorize the Chairman to sign.

# Repair Quotation



KERN MEDICAL  
1700 MOUNT VERNON AVE  
BAKERSFIELD CA 93306

De Souter Medical USA Inc .  
224 Rolling Hill Rd, Ste 12A  
 Mooresville  
 NC 28117

Ph: (704) 655-9040  
fax: (704) 987-2035  
email: usa@de-souter .com  
web: www.de-souter .com

**Account:** K00158U

12/20/2024

**Repair Ref:** 11034811  
**Your Ref:**

**Item Returned:**

1292554 CC7 CAST SAW - 2m CABLE VAC **S/N:** 23/241790

**Reported Fault:**

BLADES ARE FALLING OFF UNIT WHILE IN USE; SENT W/ BLADES

**Diagnosis and Solution:**

Blade retainer not functioning/ Hood Cracked

**Parts used in repair:**

		Quantity
671873	BLADE LOCK - CC7/8	1.00
670713	HOOD - CC7	1.00
REP035	CAST SAW REPAIR	1.00

**Total Price:** \$ 551.95

KERN COUNTY HOSPITAL AUTHORITY

By: \_\_\_\_\_  
Chairman, Board of Governors

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

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Phillip Jenkins  
Kern County Hospital Authority



## TERMS & CONDITIONS OF SALE

1. **GUARANTEE** – All goods actually manufactured by DeSoutter Medical are guaranteed for the period of twelve months, unless otherwise specified, commencing from the date of purchase from DeSoutter Medical or our agents against defective workmanship and materials, and goods proved to be defective during this period in these respects will be replaced or repaired free of charge. In the case of goods supplied by but not manufactured by DeSoutter Medical we merely pass on the benefit of any guarantees, conditions, and warranties received by DeSoutter Medical in respect of such goods. None of the previous statements in this paragraph affect customers' statutory rights and such statements are in addition to such rights.
2. **DELIVERY** - Every effort will be made to keep to the delivery dates, but no liability can be accepted for loss caused through delay for reasons beyond our control or by industrial dispute of any kind (whether involving any of our employees or not) or by any failure to obtain materials goods or equipment from a supplier through no fault of our own in due time to observe delivery dates. The right is reserved to suspend delivery as long as any payment for goods previously invoiced is in arrears.
3. **PRICES** - In view of the fluctuations in raw material costs, etc., the prices quoted are subject to alteration without prior notice. Goods will be invoiced at prices ruling at date of dispatch notwithstanding any quotation or prior acceptance of order.
4. **PAYMENT** - Payment terms are NET 30 and must be made in full within 30 days of invoice date unless other arrangements are settled.
5. **PROPERTY** - All goods will remain the property of DeSoutter Medical until such time that the full invoice value has been paid.
6. **RETURN OF EQUIPMENT** - Equipment may not be returned to DeSoutter Medical DeSoutter Medical for credit without obtaining our prior written authorization. All returned goods will be subject to a re-stocking charge.
7. **SHIPPING** - All goods shall be shipped FOB Origin. Risk of loss or damage shall pass to the Customer upon delivery of goods to Carrier.
8. **CARRIAGE, PACKING & FREIGHT CHARGES** - Freight charges shall be prepaid by DeSoutter Medical and invoiced to the customer unless otherwise agreed upon in writing.
9. **LAW** - The applicable law shall be the law of the state of North Carolina.
10. **HEALTH & SAFETY AT WORK ACT** - Whilst every reasonable care is taken to ensure that our products are safe, you are requested to pay particular attention to applying the proper health and safety precautions in the use of our products and where instruction manuals are issued, that the instructions therein are scrupulously observed.
11. **CUSTOMER CONDITIONS NOT TO APPLY** - The above terms and conditions shall apply notwithstanding customers' terms and conditions and anything which may be stated or implied to the contrary in correspondence or other conditions.
12. **CLAIMS FOR SHORTAGES OR DAMAGED GOODS** - Claims for shortages must be submitted in writing within 10 days from receipt of goods.
13. **RESTOCKING CHARGE** - Goods returned for credit with seller's prior agreement will be subject to a standard re-stocking charge of 15% of the net invoiced value.



## BOARD OF GOVERNORS KERN COUNTY HOSPITAL AUTHORITY SPECIAL MEETING

February 18, 2025

**Subject:** Proposed Master Subscription Agreement with Payscale, Inc.

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

**Summary:**

Kern Medical requests your Board approve the proposed agreement with Payscale, Inc. Payscale, Inc. will provide the platform that will allow us to integrate multiple data sources into one source to review compensation market data to establish a positions market price, develop compensation scenarios, financial impact scenarios, and complete job pricing requests. This will allow Kern Medical to be more proactive in determining where our compensation stands compared with our competitors, rather than just being reactive to turnover or employee requests.

Currently, this process is completed manually by our Human Resources department. The subscription to this platform would not only save a lot of time but the information will be more robust due to the inclusion of nation-wide data.

This Agreement will be effective February 18, 2025 with a term of three (3) years, February 18, 2025 to February 17, 2028. After the initial term, the Agreement renews for an additional one (1) year term until cancelled in writing by Kern Medical. The yearly cost of this subscription is \$28,135 with a maximum payable of \$84,405 for the three (3) term.

Counsel is unable to approve as to form due to nonstandard terms which include the limitation of liability to amounts paid pursuant to the Agreement, written consent for disclosure of documents, auto-renewal of term, and limitation of indemnification. Efforts were made to negotiate with the vendor, but to no avail.

Even with the nonstandard terms and conditions, the return on investment will outweigh the limited risk, therefore, it is recommended that your Board approve the proposed Master Subscription Agreement with Payscale, Inc. for the purchase of a subscription to their compensation data platform, for a term of three (3) years, beginning on February 18, 2025 with an auto-renewal of an additional one (1) year term, in an amount not to exceed \$84,405, and authorize the Chairman to sign.

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

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



Mailing Address: 113 Cherry St, Suite 96140 Seattle, WA 98104

Valid Until February 28, 2025

**CUSTOMER NAME:** Kern County Hospital Authority

**CONTACT INFORMATION**

Sold To:	Bill To:
Kern County Hospital Authority	Kern County Hospital Authority
1700 Mt. Vernon	1700 Mt. Vernon
Bakersfield, California 93306	Bakersfield, California 93306
United States	United States
Roby Hunt	Shanan Mallard
robby.hunt@kernmedical.com	shanan.mallard@kernmedical.com
	661 862 7573

**BILLING INFORMATION**

**Billing Cycle:** Annual  
**Payment Terms:** Net 30  
**Currency:** USD  
**Taxes:** Prices shown below do not include any state and local taxes that may apply. These taxes are the sole responsibility of the Customer and will appear on the final invoice, unless Customer has provided Payscale with a tax exemption certificate.

**PRODUCT DETAILS**

# of Employees: 2,250  
 # of Surveys: Up to 10

Payfactors Advanced Bundle

PRODUCT NAME(S)	QTY	TERM (MONTHS)
Payfactors Advanced	1.00	36
HR Market Analysis - United States	1.00	36
Peer Global Network	1.00	36
Implementation - T3	1.00	N/A

One-Time Fees	USD 0.00
Annualized Fees	USD 26,480.00
<b>Total Price</b>	<b>USD 79,440.00</b>

## TERMS & CONDITIONS

- **Subscription Start Date:** Customer's Subscription Term starts on the date of the last signature set forth below.
- **Master Subscription Agreement:** This Order Form and Customer's purchase and use of the Payscale Services described herein are governed by the Master Subscription Agreement ("MSA") executed by the parties contemporaneously with this Order Form.
- **Documentation:** Payscale Services are subject to product and service specific terms and requirements available at <https://www.payscale.com/about/documentation> ("Documentation").

By signing this Order Form, you represent that you are authorized to sign on behalf of your organization and agree to all referenced terms and conditions.

<b>Kern County Hospital Authority</b>		<b>Payscale, Inc.</b>	
Signature:		Signature:	<i>Danica Clarke</i> 42108ACD6A23454...
Name:	<b>Phil McLaughlin</b>	Name:	Danica Clarke
Title:	<b>Chairman, Board of Governors</b>	Title:	Sr. Director of Sales
Date:	<b>February 18, 2025</b>	Date:	2/13/2025

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By *Shannon Hochstein*  
Kern County Hospital Authority



## MASTER SUBSCRIPTION AGREEMENT

This Agreement is effective as of the date last signed by a party hereto ("**Effective Date**") and entered into between Payscale, Inc. and its Affiliates ("**Payscale**") and Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center ("**Customer**"). This Agreement governs Customer's use and purchase of Payscale Services. The term "Customer" includes Customer's Affiliates to the extent Affiliates are specifically listed on an applicable Order Form.

### 1. DEFINITIONS

"**Affiliate**" means any entity that directly or indirectly controls, is controlled by, or is under common control with the subject entity. For purposes of this definition, "**control**" means direct or indirect ownership or control of more than 50% of the outstanding voting interests of the subject entity.

"**Agreement**" means this Master Subscription Agreement, any amendments, the Documentation (defined in Section 2.5 below), applicable Order Forms, and the Data Processing Agreement (defined in Section 9.3 below).

"**Annual Subscription Fee**" means the annual fee applicable to Customer's subscription to a Payscale Service for a Service Year, excluding any one-time fees (e.g., implementation fees), Professional Service fees, and any Taxes (defined in Section 7.3 below).

"**Beta Service**" means a product, service, data, integration, or other feature that Payscale makes available to Customer to try at Customer's option, and is designated as beta, limited release, preview, non-production, or other similar description.

"**Customer Data**" means information Customer or its Users loads or otherwise inputs into the Payscale Services (or provides to Payscale for loading or inputting into the Payscale Services on Customer's behalf) or provided by Customer to Payscale to provide Professional Services. Customer Data is Customer's Confidential Information. Notwithstanding the foregoing, Customer Data shall not include Third Party Surveys, Third Party Service Data, or Payscale Data.

"**Data Sharing Services**" means the Payscale Services that permit sharing of data between Payscale customers. The Data Sharing Services purchased by Customer are identified on the applicable Order Form and are described in the Documentation.

"**Order Form**" means Payscale's standard ordering document that identifies the Payscale Services purchased by Customer.

"**Payscale Data**" means data owned by Payscale, including Usage Data, Aggregated Data (defined in Section 4.4 below), and any other data that is provided by Payscale (or its licensors) to Customer. Payscale Data is Payscale's Confidential Information.

"**Payscale Integration**" means Customer's use of any application programming interface ("**API**") or other integration feature between a Payscale Service and a Third Party Service provided by Payscale to Customer.

"**Payscale Services**" means the proprietary products and services of Payscale (including Data Sharing Services, Payscale Data and Professional Services) or its licensors, identified on an Order Form, and subsequently made available to Customer by Payscale in accordance with this Agreement.

"**Professional Services**" means implementation, onboarding, training, and other services related to the Payscale Services as identified on an Order Form. Descriptions of standard Professional Services are available in the Documentation.

"**Service Year**" means a 12-month period beginning on the start date of the Subscription Term.

**“Subscription Term”** means the duration of Customer’s subscription to a Payscale Service as set forth on an Order Form and all Renewal Subscription Terms (defined in Section 6.1 below).

**“Survey Publisher”** means a third-party publisher of Third Party Surveys.

**“Term”** means the duration this Agreement is in effect as described in Section 6.1 below.

**“Third Party Service”** means applications, services, software, or other products supplied by a third party (excluding Payscale’s licensors and contractors) that Customer chooses to use with or integrate with a Payscale Service.

**“Third Party Service Data”** means any data provided by a Third Party Service that is loaded, stored, displayed, or processed by a Payscale Service and accessible through Customer’s Account (defined in Section 2.1 below). Third Party Service Data is not Customer Data but is considered Confidential Information.

**“Third Party Surveys”** means any compensation surveys or data that are loaded, stored, displayed, or processed by a Payscale Service and accessible through Customer’s Account. Third Party Surveys are not Customer Data but are considered Confidential Information.

**“User”** means Customer’s employees and vendors that are authorized by Customer to use and access the Payscale Services through Customer’s Account (defined in Section 2.1 below).

## **2. PROVISION AND USE OF PAYSCALE SERVICES**

**2.1 Provision of Payscale Services.** During the Subscription Term, and subject to the terms and conditions of this Agreement, Customer and its Users may access and use the Payscale Services, as modified, enhanced, or updated from time to time, through a web browser using an account provided by Payscale to Customer (**“Account”**) solely for Customer’s internal use. Customer may not use its Account for provision of services to third parties or exceed the scope of Customer’s subscription as specified on an Order Form.

**2.2 Account Access.** Customer will designate individuals authorized by Customer to manage, use, and support the Account, and will control creation and assignment of usernames and passwords to Users. Customer is responsible for maintaining the status of its Users and the confidentiality of all usernames, passwords, and other Account access information under its control. Customer will notify Payscale promptly if: (a) the Account has been compromised, including any unauthorized access, use, or disclosure of Account information; or (b) any other breach of security in relation to its passwords, usernames, or other Account access information has occurred. Customer remains responsible for compliance by its Users with all the terms and conditions of this Agreement, and any use of the Payscale Services by Users shall be solely for the benefit of Customer.

**2.3 Use Restrictions.** Except as expressly allowed under this Agreement (including Section 2.2 above), Customer will not: (a) permit any third party (other than Users) to access or use the Payscale Services; (b) create derivative works based on the Payscale Services; (c) copy, frame, or mirror any part or content of the Payscale Services, other than copying or framing on Customer’s own intranet for Customer’s internal business purposes; (d) decompile, disassemble, translate, reverse engineer, or otherwise attempt to derive source code or specific data from the Payscale Services, in whole or in part, nor will Customer use any mechanical, electronic, or other method to trace, decompile, disassemble, or identify the source code of, or specific data available through, the Payscale Services or encourage or permit others to do so (except and only to the extent that applicable law prohibits or restricts reverse engineering restrictions); (e) sell, resell, rent, or lease the Payscale Services; (f) intentionally, knowingly, or negligently use the Payscale Services to store or transmit infringing, libelous, or other unlawful or tortious material, or to store or transmit material in violation of third-party privacy rights; (g) intentionally, knowingly, or negligently store or transmit virus, malware, or other malicious or harmful code or files through the Payscale Services; (h) intentionally, knowingly, or negligently interfere with or disrupt the integrity or performance of the Payscale Services; (i) attempt to gain unauthorized access to Payscale Services or their related systems or networks; (j) disclose the results of any benchmarking or other performance testing of the Payscale Services to a third party without Payscale’s prior written consent or (k) access or use the Payscale Services to (i) develop or improve a competitive product or service, or (ii) copy any features, functions, content, format, graphics, modules, algorithms, arrangement, method of organization, method of interaction, or other design of the Payscale Services for itself, its Affiliates, or a third party.

**2.4 Provision of Professional Services.** Subject to the terms of this Agreement, Payscale will provide Customer the Professional Services set forth in an Order Form. Standard hours set forth in the Documentation for Professional Services are estimates only. If applicable, the hours available (“**Service Hour Limit**”) to Customer during each Service Year are set forth in the applicable Order Form. If Customer exceeds the Service Hour Limit during a Service Year, Payscale’s then-current rates for excess Service Hours will apply. Service Hours must be used during the Service Year set out in the Order Form and do not carry over to subsequent Service Years or Renewal Subscription Term(s).

**2.5 Documentation.** Payscale Services are subject to the operational terms set forth in the technical specifications and requirements and other information located at <https://www.payscale.com/about/documentation> pertaining to specific Payscale Services. Documentation does not include white papers, community forums, training videos or similar resources (“**Documentation**”). Documentation may be updated by Payscale from time to time in its sole discretion to include additional Payscale Services, new features, or to reflect updated operational processes, but any such changes will not impose additional liabilities on Customer or materially reduce the functionality of a Payscale Service.

**2.6 Beta Services.** Payscale may make Beta Services available to Customer, provided that such Beta Services shall be marked as such within the Payscale Services. Customer may choose to participate in Beta Services in its sole discretion. Beta Services are intended for evaluation purposes only and not for production use, are not supported, and may be subject to additional terms. Beta Services are not considered “Payscale Services” under this Agreement, but all restrictions, reservation of rights, Customer’s obligations concerning the Payscale Services, and rights granted by Customer to Payscale regarding Customer Data and Aggregated Data will apply equally to Customer’s use of Beta Services. Unless otherwise agreed by the parties, use of Beta Services expire on the date a version of the Beta Services becomes generally available without the applicable Beta Service designation. Payscale may discontinue Beta Services at any time in its sole discretion and may never make them generally available. Beta Services are provided “AS IS”, provided that Customer’s use of Beta Services shall not excuse Payscale’s obligations under this Agreement regarding Customer Data.

### 3. RESPONSIBILITIES OF EACH PARTY

**3.1 Payscale Responsibilities.** During the Subscription Term, Payscale will: (a) provide Customer support for the Payscale Services, as set forth in the Service Levels Addendum available at <https://www.payscale.com/content/legal/sla.pdf> and Payscale shall not materially reduce such support during the Subscription Term, (b) maintain insurance coverage as set forth in the Insurance Addendum available at <https://payscale.com/content/legal/ia.pdf> and Payscale shall not materially reduce such insurance coverage during the Subscription Term, (c) give at least 24 hours’ notice of planned downtime outside of Weekend Hours (as defined below) via Customer’s Account and use reasonable efforts to schedule such planned downtime to the extent practicable from 6:00 p.m. Pacific time Friday to 3:00 a.m. Pacific time Monday (“Weekend Hours”); and (d) be responsible for the performance of its employees and contractors and their compliance with Payscale’s obligations under this Agreement.

**3.2 Customer Responsibilities.** Customer will: (a) be responsible for Users’ compliance with this Agreement; (b) be responsible for procuring at its expense the necessary hardware and Internet connection needed to access the Payscale Services; (c) be solely responsible for the accuracy and legality of Customer Data as used under this Agreement (including collecting any required privacy consents from its employees); (d) be responsible for ensuring that the billing information Customer provides to Payscale is accurate, current, and complete, (e) use reasonable efforts to prevent unauthorized access to, or use of, the Payscale Services through Customer’s Account; (f) provide assistance, information, data, and other resources reasonably necessary to enable Payscale to provide the Payscale Services; and (g) use the Payscale Services in accordance with applicable Documentation, this Agreement, and applicable laws. Customer’s failure to meet these requirements may impact Customer’s ability to use the Payscale Services and Payscale shall not be responsible for such impact.

### 4. DATA RIGHTS AND USAGE

**4.1 Customer Data.** As between Payscale and Customer, Customer exclusively owns all rights, title, and interest in and to all Customer Data, except where specific rights are expressly granted to Payscale. During the Term and subject to this Agreement, Customer grants to Payscale a license and right to host, access, process, display, copy, transmit, modify, create derivative works of, and otherwise use Customer Data solely to the extent necessary to: (a) fulfill its obligations to Customer under this Agreement; (b) maintain, evaluate, secure, develop, or improve the



Payscale Services (e.g., develop enhanced Payscale Services features, research compensation trends); (c) report on compensation trends so long as all such usage is (i) deidentified so that it does not identify Customer, its Users or any other person and (ii) aggregated with data across other customers; and (d) respond to and resolve a User's request for customer support. Customer shall not provide to Payscale or upload to the Payscale Services sensitive data that is not necessary for Payscale to perform its obligations under this Agreement, such as social security numbers or other government identifiers, credit card numbers, bank account numbers, other financial information, or health information.

**4.2 Payscale Data.** As between Payscale and Customer, Payscale exclusively owns all rights, title, and interest in and to all Payscale Data, except where specific rights are expressly granted.

**4.3 Usage Data.** Customer agrees that Payscale may collect data and other information related to Customer's use of a Payscale Service (e.g., the number of reports run, the frequency of log-ins, and User behavioral data, such as the types of searches run, and selections made by Customer) ("**Usage Data**"), and Payscale may use Usage Data to develop, improve, support, market and operate its products and services during and after the Term of this Agreement. Except in accordance with the DPA, Payscale will not disclose Usage Data externally unless it is (a) deidentified so that it does not identify Customer, its Users or any other person and (b) aggregated with data across other customers.

**4.4 Data Sharing Services.** Payscale offers Data Sharing Services (e.g., compensation benchmarking surveys) and Customer may elect to participate in these Data Sharing Services. If participating in Data Sharing Services, Customer agrees that Payscale may collect Customer Data stored in the Payscale Services (e.g., Customer's employee data such as pay, job title, and performance rating) to produce an aggregated data source ("**Aggregated Data**"). Other than being named as a participant in accordance with Section 4.4(a), no Customer or individual will be separately identified in the Aggregated Data. Aggregated Data is Payscale Data and Payscale's Confidential Information.

**(a) Participation.** If Customer participates in Data Sharing Services, Customer agrees that its name will be listed as a participant and available to others as a part of the Data Sharing Services, as is customary in the compensation data industry. Customer's Aggregated Data may be grouped with other participants in specific data cuts or be able to be segmented with other participants based on specific attributes (e.g., number of employees, geographic location). Customer will have access only to the specific Data Sharing Services (e.g., Peer, Payscale Compensation Survey or specific data sets) that it selects and are listed on the applicable Order Form. Payscale's Data Sharing Services are listed in the Documentation and subject to the specific requirements outlined therein, Payscale reserves the right to revoke Customer's access to the applicable Data Sharing Service if Customer does not comply with these requirements.

**(b) Process and Data Accuracy.** Payscale may review Aggregated Data for completeness and errors. Customer agrees to cooperate with Payscale on a timely basis to answer questions and to correct any identified problems, omissions, or errors. Despite Payscale's review, Customer must undertake reasonable efforts to maintain the accuracy of its data. Problems with information quality or delays in providing information may delay implementation of Data Sharing Services.

**(c) Opt-Out.** Customer may opt-out of participating in the Data Sharing Services at any time by providing Payscale at least 45 days' prior written notice, at which point Customer's Aggregated Data and name will be removed at the next version release or update of the Data Sharing Services. If choosing to opt-out, Customer shall no longer have access to the Data Sharing Services and Payscale will not refund amounts paid by Customer. Notwithstanding the foregoing, Customer understands that Aggregated Data provided before Customer's opt-out will remain a part of the versions of the Data Sharing Services previously released and Customer's name will remain listed as a participant for such versions.

**4.5 Reservation of Rights.** Payscale retains all right, title, and interest in and to the Payscale Services (and any modifications or derivative works), including all underlying software, source code, data (other than Customer Data), design, modules, organization, format, algorithm, and other technology, and all logos and trademarks (excluding Customer logos and trademarks) reproduced through the Payscale Services. This Agreement does not grant Customer any intellectual property rights in the Payscale Services or any of its components (including Payscale Data).

**4.6 Feedback.** Customer may submit suggestions, enhancements, requests, corrections, or other feedback related to the Payscale Services but shall not include Customer Data (“**Feedback**”). Customer agrees that all Feedback is given voluntarily. Absent a separate fully executed agreement, Payscale has not agreed to and does not agree to treat as confidential any Feedback Customer provides to Payscale, and nothing in this Agreement or in the parties’ dealings arising out of or related to this Agreement will restrict Payscale’s right to use, profit from, disclose, publish, keep secret, or otherwise exploit Feedback, without compensating or crediting Customer. Feedback will not be considered Customer’s Confidential Information or its trade secret.

## **5. Third Party Offerings.**

**5.1 Third Party Surveys.** Payscale supports hosting of Third Party Surveys in certain Payscale Services. Data provided in Third Party Surveys is not owned or controlled by Payscale, and Payscale does not warrant or support these Third Party Surveys.

**(a) Customer Licensed Third Party Surveys.** Where Customer has directly licensed a Third Party Survey from a Survey Publisher and requests that the Third Party Survey be accessible as a part of the Payscale Services, Customer hereby grants to Payscale the right to use, load, host, copy, access, store, display, or otherwise process the Third Party Survey solely to provide Customer the Payscale Services (including any associated Professional Services). Customer represents and warrants that it has secured all necessary rights to authorize this usage by Payscale. Further, Customer acknowledges that it (i) may be required to enter into a non-disclosure agreement with a given Survey Publisher and Payscale prior to the loading of any Third Party Survey; (ii) consents to Payscale contacting the applicable Survey Publisher to verify Customer’s survey purchase; and (iii) agrees to provide other proof of purchase as may be requested by Payscale. In the event a Survey Publisher disputes Customer’s right to a given Third Party Survey, Payscale may elect to remove the Third Party Survey from the Customer’s Account.

**(b) Payscale Licensed Third Party Surveys.** Third Party Surveys may be licensed directly through the Payscale Services by purchasing such Third Party Survey from Payscale. If Customer chooses to license a Third Party Survey through a Payscale Service, its use of that Third Party Survey is subject to the terms between Customer and the Third Party Survey Publisher, and Customer shall comply with those terms. The terms applicable to Third Party Surveys licensed via the Payscale Services are available in the Documentation.

## **5.2 Third Party Services.**

**(a) Customer Licensed Third Party Services.** Where Customer has directly licensed a Third Party Service from a provider, Customer agrees that Payscale is not responsible for such Third Party Services and use of such Third Party Service is subject to the terms and conditions of the provider of the Third Party Service. Payscale may enable or make available Payscale Integrations on a non-exclusive basis solely to allow Customer to integrate a Payscale Service with such Third Party Service. Customer understands and agrees that the development, maintenance, use, and performance of a Payscale Integration are dependent on: (a) the API, software, application, or other service or support provided by the provider of the Third Party Service; and (b) the compatibility, format, and performance of the relevant Third Party Service. Customer understands and agrees that by using a Payscale Integration, Payscale may pull, collect, access, provide or share data with the Third Party Service to enable, maintain, support, and improve the integration between the Payscale Service and the Third Party Service. Customer’s use of a Third Party Service is subject to the terms of the relevant Third Party Service.

**(b) Payscale Licensed Third Party Services.** Third Party Services may be licensed directly through the Payscale Services by purchasing such Third Party Service from Payscale. If Customer chooses to license a Third Party Service through a Payscale Service, its use of that Third Party Service is subject to the terms available in the Documentation that are applicable to such Third Party Services licensed via the Payscale Services.

## **6. TERM AND TERMINATION**

**6.1 Term; Auto-Renewal.** The Term starts on the date Customer agrees to its first Order Form and continues until all Order Forms have expired or have been terminated as allowed under this Agreement. Customer’s Subscription Term to the Payscale Services are set forth in the applicable Order Form. Except as otherwise specified in an Order Form, at the end of the then-current Subscription Term, Customer’s subscription to a Payscale Service will automatically renew for one (1) year terms (each a “**Renewal Subscription Term**”) at Payscale’s then-current list price unless: (i) Customer provides written notice of non-renewal to Payscale at least 30

days before the start of a Renewal Subscription Term; or (ii) Payscale provides written notice of non-renewal to Customer at least 60 days before the start of a Renewal Subscription Term.

**6.2 Termination for Cause.** A party may terminate this Agreement (and all Order Forms) or a specific Order Form by written notice to the other party if the other party materially breaches this Agreement, and, if the breach is capable of cure, fails to cure the breach within 30 days after the notice is sent (notice must include specific detail of the breach). If Customer terminates this Agreement or an Order Form due to Payscale's material breach, then Payscale will refund Customer the prepaid Annual Subscription Fee applicable to the remainder of the terminated Payscale Services' Service Year, prorated from the effective date of termination and Customer will not be liable for paying fees due for the unused portion of the remaining Subscription Term. If Payscale terminates this Agreement or an Order Form due to Customer's material breach, Payscale will not refund any amounts paid by Customer and Customer remains liable for payment of all fees due under this Agreement.

**6.3 Effects of Termination.** Upon expiration or termination of this Agreement for any reason: (a) any amounts owed to Payscale under an Order Form before such termination or expiration will be immediately due and payable except as provided in Section 6.2 above; (b) Customer must discontinue all access and use of the Payscale Services and promptly delete all copies of Documentation and Payscale Data in Customer's possession; and (c) Payscale will discontinue providing Customer the Payscale Services and Customer will lose access to the Account. All provisions that by their nature should survive termination or expiration will do so (including payment obligations, indemnification and defense obligations, limitation of liability, and duties of confidentiality). At any time during the Subscription Term, Customer may export Customer Data stored in the Payscale Services in accordance with the Documentation. For up to 30 days after the end of a Subscription Term, following Customer's written request, Payscale will grant Customer access to its Account for the sole purpose of exporting the Customer Data stored in the Payscale Service; provided, that, (i) if any assistance is required by Customer from Payscale, Customer will pay Payscale current rates for such assistance, and (ii) following this 30-day period, Payscale will delete any Customer Data stored in the Payscale Services in accordance with its deletion policies and procedures, and Customer consents to this deletion.

## **7. FEES AND PAYMENT FOR PAYSACLE SERVICES**

**7.1 Fees.** Customer will pay all fees specified in Order Forms. Fees are quoted in United States dollars unless specified otherwise in an applicable Order Form. Payment obligations are non-cancelable and fees paid are non-refundable except as set forth in this Agreement.

**7.2 Invoicing and Payment.** Unless otherwise agreed upon in an Order Form: (a) Annual Subscription Fees will be invoiced in full and in advance annually; and (b) for other amounts due to Payscale under this Agreement, Payscale will invoice Customer in advance and in accordance with the relevant Order Form. Unless otherwise stated in the Order Form, undisputed (in good faith) invoiced charges are due 30 days after the date Payscale provides the invoice to the email provided by Customer to Payscale. Customer will provide Payscale complete and accurate billing and contact information and will notify Payscale of any changes to this information. Unless otherwise specified in an Order Form, Payscale will automatically charge Customer's payment information on file for any renewals, upgrades, or overage fees. If any undisputed (in good faith) invoiced amount is not received by Payscale by the due date, then without limiting Payscale's rights or remedies, (i) those charges may accrue late interest at the rate of 1.5% of the outstanding balance per month, or the maximum rate permitted by applicable law, whichever is lower, (ii) Payscale may suspend Customer's access to the Payscale Services and stop providing any Professional Services. Payscale will not apply late interest or suspend Customer's access to the Payscale Services if Customer is disputing applicable fees reasonably and in good faith and is cooperating with Payscale to diligently resolve the dispute. If an undisputed (in good faith) invoiced amount exceeds 30 days past the due date set forth above, Payscale may refer collection of the unpaid amount to an attorney or collections agency, Customer shall pay reasonable attorney's fees or collections agency fees, and Payscale shall not be obligated to reinstate Payscale Services.

**7.3 Taxes.** Customer is responsible for any applicable taxes, including sales, use, levies, duties, or any value added or similar taxes (collectively, "Taxes") payable with respect to Customer's order of Payscale Services assessable by any local, state, provincial, federal, or foreign jurisdiction. Unless expressly specified otherwise in any Order Form, all fees, rates, and estimates exclude Taxes. Payscale is solely responsible for taxes based upon Payscale's net income, assets, payroll, property, and employees. Notwithstanding the foregoing, if Customer is exempt from Taxes, concurrently with execution of this Agreement Customer shall provide Payscale with a certificate evidencing such exemption. If Customer's status as an entity exempt from Taxes changes during the Term, Customer shall promptly notify Payscale.

## 8. CONFIDENTIALITY

**8.1 Meaning of Confidential Information.** As used in this Agreement, “**Confidential Information**” means all confidential information disclosed by a party (“**Disclosing Party**”) to the other party (“**Receiving Party**”), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure. Customer’s Confidential Information includes Customer Data, except for Aggregated Data that includes de-identified and anonymized Customer Data as permitted under this Agreement. Payscale’s Confidential Information includes the Payscale Services and Documentation. Confidential Information of each party will include Order Forms, as well as business plans, technical information, product plans and designs, and business processes disclosed by such party. Confidential Information will not include any information that (a) is or becomes generally known to the public without breach of any obligation owed to the Disclosing Party, (b) was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party, (c) is received from a third party without breach of any obligation owed to the Disclosing Party, or (d) was independently developed by the Receiving Party without use of, or reference to, the Disclosing Party’s Confidential Information.

**8.2 Standard of Care.** Except as otherwise permitted in writing by Disclosing Party, Receiving Party will (a) use the same degree of care that it uses to protect the confidentiality of its own Confidential Information of like kind (but in no event less than reasonable care), (b) not disclose or use any Confidential Information of Disclosing Party for any purpose outside the scope of this Agreement, and (c) limit access to Confidential Information of Disclosing Party to those of its employees, contractors, advisors, and agents with a need to know or who need access for purposes consistent with this Agreement and who are bound by confidentiality obligations at least as stringent to those in this Agreement. Notwithstanding the foregoing, the parties may disclose the terms and conditions of this Agreement as reasonably necessary (a) in connection with applicable open records laws that Customer is subject to and (b) to potential investors, acquirors, or regulators who are bound by confidentiality obligations at least as stringent to those in this Agreement.

**8.3 Compelled Disclosure.** The Receiving Party may disclose the Disclosing Party’s Confidential Information if required by applicable law or to comply with a court order or other governmental demand that has the force of law if, to the extent permitted by applicable law, the Receiving Party promptly notifies the Disclosing Party of that obligation prior to production so the disclosing party may seek a protective order or other remedy. Payscale 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

**8.4 Remedies.** Each party acknowledges that damages may be an inadequate remedy if the other party violates its obligations under this Agreement, and each party has the right, in addition to any other rights it may have, to seek injunctive relief without any obligation to post any bond or similar security. No failure or delay by either party in exercising any right under this Agreement will constitute a waiver of that right. Other than as expressly stated in this Agreement, the remedies provided in this Agreement are in addition to, and not exclusive of, any other remedies of a party at law or in equity.

## 9. DATA PROCESSING AND PROTECTION

**9.1 General Requirements.** Payscale will maintain appropriate administrative, physical, and technical safeguards for the protection of the security and integrity of Customer Data as set forth in the Security Addendum located at <https://www.payscale.com/content/legal/sa.pdf> and Payscale shall not materially reduce such safeguards during the Subscription Term.

**9.2 Data Storage.** Customer understands and agrees that the Payscale Services host, process, and otherwise store Customer Data on its servers or using the cloud infrastructure of third party providers. Third party providers shall meet or exceed the safeguards for the protection and security of Customer Data agreed upon by Payscale under this Agreement. Except for Aggregated Data submitted by Customer to the Data Sharing Services, Customer Data will be separated logically or through other technical means from the data of Payscale’s other customers.

**9.3 Data Processing Terms.** Both parties agree to comply with applicable data privacy laws and regulations. In addition, the Data Processing Agreement available at <https://www.payscale.com/content/legal/dpa.pdf> (“DPA”)

applies to the extent Customer elects to load Customer Data into a Payscale Service subject to Data Protection Laws (as defined in the DPA).

**9.4 Privacy Statement.** Customer's use of Payscale Services is subject to Payscale's privacy statement, a current copy of which is located at <https://www.payscale.com/about/privacy-policy/>. In the event of a conflict between Payscale's privacy statement and the DPA, the DPA shall prevail.

## 10. WARRANTIES AND DISCLAIMERS

**10.1 Mutual Warranties.** Each party warrants to the other party that: (a) it has the authority to enter into this Agreement and perform its obligations under this Agreement; (b) it shall perform its obligations under this Agreement in accordance with applicable laws; (c) this Agreement does not conflict with any other agreement it is subject to and bound by; (d) it does not conduct business for any unlawful purpose, (e) neither party has received or been offered any illegal or improper bribe, kickback, payment, gift, or thing of value from an employee or agent of the other party in connection with this Agreement (provided that reasonable gifts and entertainment provided in the ordinary course of business do not violate this Section 10.1(e)), and (f) is in compliance with all applicable laws regarding anti-corruption, including the Foreign Corrupt Practices Act and the U.K. Bribery Act, and any other applicable state, federal, and international laws related to anti-corruption.

**10.2 Payscale Warranties.** Payscale warrants that: (a) the Payscale Services will operate in substantial conformity with then-current and applicable Documentation so long as Customer uses the Payscale Services in accordance with this Agreement and the Documentation and for the limited purpose allowed under this Agreement; and (b) Professional Services will be performed in a professional manner in accordance with this Agreement. For any breach of the foregoing subsection (a), Customer's remedy will be for Payscale to correct the nonconformity in the Payscale Services. If Payscale determines this remedy to be impracticable, or otherwise is unable to provide a workaround within 30 days of Customer notifying Payscale of the defect, then Customer may terminate the applicable Order Form for material breach in accordance with Section 6.2 above. Customer acknowledges that Payscale Services are subscription-based and that to deliver an improved customer experience, Payscale may make changes to Payscale Services (but any such changes will not result in a material degradation in or decrease in functionality of the Payscale Services). In such event, Payscale will update applicable Documentation accordingly.

**10.3 Customer Warranties.** Customer warrants that: (a) it possesses all necessary licenses, permissions, and other rights in and to Customer Data to grant to Payscale the license and rights to Customer Data as expressly granted in this Agreement and (b) to the best of its knowledge, Customer Data provided to Payscale is accurate and complete, and (c) Customer will not use the Payscale Services to violate antitrust or competition laws and regulations.

**10.4 Disclaimers.** Customer acknowledges that: (a) Payscale Data is for general information only; and (b) Customer's use of the Payscale Services does not constitute any form of advice, recommendation, representation, or arrangement (legal or otherwise) by Payscale or its licensors. Customer acknowledges that it is responsible for all of its decisions regarding compensation, salaries, and benefits regardless of its use of Payscale Services and Customer is encouraged to conduct independent due diligence and seek the assistance of a qualified legal professional in connection with such decisions. Payscale and its licensors do not warrant the access or use of Payscale Services in any specific situation or for any specific application, nor do they warrant that Payscale Data accessible through a Payscale Service will be always accessible (provided that this shall not excuse Payscale from its obligations in Section 3.1 of this Agreement) or that it will be accurate or error free. Customer acknowledges that Payscale provides the Payscale Services to its customers to permit them to make independent decisions regarding benefits and compensation. Except as expressly provided in this Agreement, to the maximum extent allowed under applicable law, the Payscale Services are provided "AS IS" and "AS AVAILABLE," and neither party makes any warranties of any kind, whether express, implied, statutory, or otherwise, and each party specifically disclaims all implied warranties, including, any implied warranties of merchantability, fitness for a particular purpose, non-infringement, or any warranties arising during course of performance.

## 11. DEFENSE AND INDEMNIFICATION AGAINST THIRD PARTY CLAIMS

**11.1 Indemnification by Payscale.** Subject to the terms and conditions set out in this Section 11, at its expense, Payscale will indemnify and defend Customer against any third party claim (which, for purposes of this

Agreement, is a claim brought by a party that is not a party to this Agreement or an Affiliate of a party to this Agreement) (“**Third Party Claim**”) arising out of, related to, or alleging (a) infringement or misappropriation a third party’s patent, copyright, trade secret, or other intellectual property right as a result of Customer’s authorized use of the Payscale Services (“**Infringement Claim**”), (b) Payscale’s use of Customer Data in breach of Section 4 (Data Rights and Usage) of this Agreement, and (c) Payscale’s breach of its confidentiality obligations set forth in Section 8. Payscale’s obligations pursuant to this Section include, without limitation: (i) settlement at Customer’s expense and payment of judgments finally awarded by a court of competent jurisdiction, as well as payment of court costs and other reasonable expenses; and (ii) reimbursement of reasonable attorneys’ fees incurred before Payscale’s assumption of the defense (but not attorneys’ fees incurred thereafter). If a Payscale Service is subject to an Infringement Claim and as a result, Customer’s use of the Payscale Service is enjoined, Payscale will, at no cost to Customer, procure for Customer the right to continue using the Payscale Service or replace the Payscale Service with a non-infringing or modified alternative of materially equivalent functionality. If none of the foregoing options are available on terms that are commercially reasonable for Payscale, then Payscale may terminate Customer’s right to access and use of the Payscale Service subject to the Infringement Claim, and Payscale will refund Customer any prepaid Annual Subscription Fee for the unused portion of the applicable Payscale Service’s Service Year, prorated from the effective date of termination. Payscale’s obligations under this Section 11.1 with respect to any Third Party Claims will be comparatively reduced to the extent the Third Party Claim results from: (i) Customer Data if used by Payscale in accordance with this Agreement; (ii) any modification made to a Payscale Service by Customer, its Users, or a party at the direction of Customer or its Users (“**Customer Parties**”) without Payscale’s written consent if the Third Party Claim would have been avoided in the absence of such modification; (iii) the combination by Customer Parties of a Payscale Services with other products not originally embodied in the Payscale Service as delivered by Payscale if such infringement would have been avoided by not combining with such products; (iv) Customer’s use of a Payscale Service in breach of this Agreement; or (v) Customer’s gross negligence or willful misconduct.

**11.2 Indemnification by Customer.** Subject to the terms and conditions set out in this Section 11, at its expense, Customer will indemnify and defend Payscale against any Third Party Claim arising out of, related to, or alleging (a) that all or any part of the Customer Data violates the privacy or other legal right of such third party; (b) Customer’s use of a Payscale Service in breach of Section 2.3 of this Agreement; (c) Customer’s breach of its confidentiality obligations set forth in Section 8; and (d) Payscale’s usage of the Third Party Surveys in connection with Customer’s use of the Payscale Services, so long as Payscale’s usage is in accordance with this Agreement. Customer’s obligations pursuant to this Section include, without limitation: (i) settlement at Payscale’s expense and payment of judgments finally awarded by a court of competent jurisdiction, as well as payment of court costs and other reasonable expenses; and (ii) reimbursement of reasonable attorneys’ fees incurred before Customer’s assumption of the defense (but not attorneys’ fees incurred thereafter). Customer’s obligations under this Section 11.2 with respect to any Third Party Claims will be comparatively reduced to the extent the Third Party Claim results from: (i) Payscale’s use of Customer Data in breach of this Agreement; or (ii) Payscale’s gross negligence or willful misconduct.

**11.3 Process for Tendering Claims.** With respect to the obligations of a party (“**Indemnitor**”) to defend and indemnify the other (“**Indemnitee**”) under this Agreement, the parties shall comply with the following: (a) Indemnitee must promptly inform Indemnitor in writing of any Third Party Claim within the scope of Indemnitor’s defense or indemnity obligations set forth in this Agreement, provided that Indemnitor will not be excused from its indemnity obligations for failure to provide prompt notice except to the extent that Indemnitor is prejudiced by any such failure to provide prompt notice; (b) Indemnitor will be given exclusive control of the defense of such Third Party Claim and all negotiations relating to the settlement thereof (except that Indemnitor may not make any admissions on Indemnitee’s behalf or settle any such Third Party Claim unless the settlement unconditionally releases Indemnitee of all liability); and (c) Indemnitee must reasonably assist Indemnitor in all necessary respects in connection with the defense of the Third Party Claim at Indemnitor’s expense. Indemnitor’s obligations under this Section 11 will be limited to the extent to which a court of final jurisdiction finds that Indemnitee contributed to the Third Party Claim. If Indemnitee elects to participate in the defense of a Third Party Claim that Indemnitor is defending per this Section 11, then such defense shall be at Indemnitee’s sole cost and expense. Unless otherwise provided in the Documentation, this Section 11 states Indemnitor’s sole liability, and Indemnitee’s exclusive remedy, with respect to the type of Third Party Claims described in this Agreement.

## 12. LIMITATION OF LIABILITY

**12.1 Indirect and Consequential Damages; Aggregate Liability.** TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW AND SUBJECT TO SECTION 12.2 BELOW, A PARTY WILL NOT BE LIABLE TO

THE OTHER FOR ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND (INCLUDING, LOST PROFITS), REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING, NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES IN ADVANCE. TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW AND SUBJECT TO SECTION 12.2 BELOW, A PARTY'S AGGREGATE LIABILITY TO THE OTHER ARISING OUT OF, OR RELATED TO, THIS AGREEMENT (WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF THE THEORY OF LIABILITY) WILL BE LIMITED TO ACTUAL AND PROVEN DAMAGES IN AN AMOUNT NOT TO EXCEED THE AMOUNT PAID OR PAYABLE BY CUSTOMER TO PAYSACLE UNDER THIS AGREEMENT DURING THE 12-MONTH PERIOD IMMEDIATELY PRECEDING THE INCIDENT GIVING RISE TO THE CLAIM.

**12.2 Exclusions to Limitation of Liability.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, A PARTY'S AGGREGATE LIABILITY ARISING OUT OF CLAIMS PURSUANT TO (A) AMOUNTS INCURRED BY A PARTY ACTING AS AN INDEMNITOR UNDER SECTION 11 ABOVE; (B) CUSTOMER'S USE OF A PAYSACLE SERVICE IN VIOLATION OF SECTION 2.3 (USE RESTRICTIONS), (C) CUSTOMER'S OBLIGATION TO PAY ALL SUBSCRIPTION FEES DUE UNDER THIS AGREEMENT IN ACCORDANCE WITH SECTION 7, AND (D) A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS SET FORTH IN SECTION 8, WILL BE LIMITED TO ACTUAL AND PROVEN DAMAGES IN AN AMOUNT NOT TO EXCEED FIVE (5) TIMES THE AMOUNT PAID OR PAYABLE BY CUSTOMER TO PAYSACLE UNDER THIS AGREEMENT DURING THE 12-MONTH PERIOD IMMEDIATELY PRECEDING THE INCIDENT GIVING RISE TO THE CLAIM. THE LIMITATIONS SET OUT IN SECTIONS 12.1 AND 12.2 SHALL NOT APPLY TO ACTUAL AND PROVEN DAMAGES ARISING FROM A PARTY'S WILLFUL MISCONDUCT, FRAUD, OR GROSS NEGLIGENCE.

### 13. GENERAL PROVISIONS

**13.1 Notices.** Payscale may send announcements of general interest by email or by posting on its website or through Customer's Account, such as notices of new features, scheduled downtime, or upcoming events. Payscale will provide Customer with legal notices by email to the address provided by Customer. Customer will promptly notify Payscale if its contact information changes. Customer will provide Payscale with legal notices by email to [legal@payscale.com](mailto:legal@payscale.com).

**13.2 Governing Law; Jurisdiction and Venue.** This Agreement is governed by the laws of the State of California, without regard to conflicts of laws provisions. The jurisdiction and venue for actions related to this Agreement or its subject matter will be the state and federal courts located in California, and both parties irrevocably consent to the personal jurisdiction of such courts and waive all objections thereto.

**13.3 Assignment.** Neither party may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, whether by operation of law or otherwise, without the prior written consent of the other party (not to be unreasonably withheld); except that a party may assign this Agreement in its entirety without the other party's consent in connection with a merger, acquisition, corporate reorganization, or sale of all or substantially all its assets. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties' respective successors and permitted assigns.

**13.4 Publicity.** Customer agrees that Payscale may identify Customer as a Payscale customer in or on Payscale's demonstrations, website, or other promotional materials. Payscale's use of Customer's name and logo will be in accordance with any guidelines provided by Customer. Upon Customer's written request, Payscale will promptly remove Customer's name or any Customer marks from Payscale's website, and to the extent feasible, Payscale's marketing materials. Notwithstanding the foregoing, where Customer is participating in Data Sharing Services, its name will be included in the Data Sharing Service according to Section 4.4(a) and the Documentation.

**13.5 Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, the provision will be modified by the court and interpreted to best accomplish the objectives of the original provision to the fullest extent permitted by law, and the remaining provisions of this Agreement will remain in effect.

**13.6 Force Majeure.** A party's performance of any part of this Agreement (except Customer's payment obligations shall not be excused in the event Customer is the party affected by a Force Majeure and otherwise has access to the Payscale Services, provided that reasonable delays in payment timing shall be discussed by the parties in good faith) will be excused to the extent that it is unable to perform due to natural disasters, terrorism,

riots, insurrection, war, extraordinary governmental action, ISP Provider failures or delays, or any other cause which is beyond the reasonable control of such party ("**Affected Party**"), not avoidable by reasonable due diligence, and not caused by the Affected Party (each a "**Force Majeure Event**"). Upon the occurrence of a Force Majeure Event, the Affected Party will (a) exercise commercially reasonable efforts to mitigate damages to the other party and to overcome the Force Majeure Event, and (b) continue to perform its obligations under this Agreement to the extent it is able. If the period of nonperformance exceeds thirty (30) consecutive days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate the applicable Order Form, and Payscale shall provide Customer with a pro rata refund of any prepaid and unused fees.

**13.7 Export Compliance.** Each party will comply with the export laws and regulations of the United States and other applicable jurisdictions in providing and using the Payscale Services. Without limiting the foregoing, (a) each party represents that it is not named on any U.S. government list of persons or entities prohibited from receiving exports, and (b) Customer will not permit Users to access or use the Payscale Services in violation of any U.S. export embargo, prohibition, or restriction. Customer agrees not to export, re-export or transfer any part of the Payscale Services in violation of export laws and regulations.

**13.8 Government End Use Provisions.** Payscale provides the Payscale Services, including related software and technology, for ultimate federal government end use solely in accordance with the following: Government technical data and software rights related to the Payscale Services include only those rights customarily provided to the public as defined in this Agreement. This customary commercial license is provided in accordance with FAR 12.211 (Technical Data) and FAR 12.212 (Software) and, for Department of Defense transactions, DFAR 252.227-7015 (Technical Data – Commercial Items) and DFAR 227.7202-3 (Rights in Commercial Computer Software or Computer Software Documentation). If a government agency has a need for rights not conveyed under these terms, the parties must agree to mutually acceptable written addendum specifically conveying such rights.

**13.9 Miscellaneous.** Except as otherwise provided in this Agreement, there are no third party beneficiaries under this Agreement. Any claims against Payscale or its Affiliates under this Agreement may only be brought by the Customer entity that is a party to this Agreement. The parties to this Agreement are independent contractors. There is no relationship of partnership, joint venture, employment, franchise, or agency created hereby between the parties. Neither party will have the power to bind the other or incur obligations on the other party's behalf without the other party's prior written consent. Customer agrees that its purchases of all Payscale Services under this Agreement are neither contingent on the delivery of any future functionality or features nor dependent on any oral or written public comments made by Payscale regarding future functionality or features.

**13.10 Entire Agreement.** This Agreement constitutes the entire agreement between the parties and supersedes all prior and contemporaneous agreements, proposals, or representations, written or oral, concerning its subject matter. No modification, amendment, or waiver of any provision of this Agreement will be effective unless in writing and either signed or accepted electronically by the party against whom the modification, amendment, or waiver is to be asserted. No terms or conditions included in any purchase order or order documentation (excluding Order Forms) provided by Customer, or as a part of Customer's vendor set-up process, will be incorporated into, or form any part of, this Agreement, and all such terms or conditions are null and void even if such terms or conditions are accepted by Payscale or Payscale accepts payment from Customer.

**13.11 Counterparts.** This Agreement may be executed electronically (e.g., via DocuSign or similar service) in counterparts, and all counterparts executed constitutes one agreement, binding upon all the parties. The parties represent and warrant to the other that the individual signing below has the right and authority to execute this Agreement on behalf of the undersigned.



**Accepted and agreed:**

**Customer: Kern County Hospital Authority**

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

Printed: Phil McLaughlin

Title: Chairman, Board of Governors

Date: February 18,2025

**Payscale, Inc.**

Signed by:

*Danica Clarke*

Signature: \_\_\_\_\_  
42108ACD6A23454...

Printed: Danica Clarke

Title: Sr. Director of Sales

Date: 2/13/2025

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By *Shannon Hochstein*  
Kern County Hospital Authority



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

February 18, 2025

**Subject:** Proposed recommendation to Kern County Board of Supervisors to appoint Tina K. Stout, a qualified candidate, to the Kern County Hospital Authority Board of Governors to fill the community at large member vacancy created by the resignation of Candace B. Neal, term to expire June 30, 2027

**Recommended Action:** Discuss; Make Recommendation; Refer to Kern County Board of Supervisors to Make Appointment

**Summary:**

Kern Medical has received the following complete application to fill the community at large member vacancy on your Board created by the resignation of Candace B. Neal on September 23, 2024. The qualified candidate is:

**Tina K. Stout** – Ms. Stout submitted her application on January 24, 2025. Copies of her resume and application are attached and she has cleared the required background check. A resident of Bakersfield, Ms. Stout has been an attorney since 1991 and has extensive community involvement including as a School Board Trustee with Fruitvale School District. She is a graduate of the University of Pacific and Lincoln Law School of Sacramento, holds a Bachelor’s of Arts degree and Juris Doctorate degree, as well as a California Substitute Teaching Credential. According to her application, she meets the following specific qualifications to serve on the Board of Governors: 1) knowledge of healthcare delivery systems, 2) knowledge of healthcare policy and regulatory issues as well as current and projected healthcare trends, 3) knowledge of human resources in large organizations, 4) an understanding of budgeting process, revenue cycle, financial reports and basic accounting principles, 5) experience with managing hospital services and understanding of the healthcare needs of the Kern County Hospital Authority’s patient populations, and 6) experience in advocating for safety net populations including, but not limited to, the pursuit of public funding for the delivery of healthcare services.

The hospital authority Bylaws for Governance provides that your Board may make a recommendation to the Board of Supervisors from the pool of qualified candidates to fill the vacancy.

Therefore, it is recommended that your Board discuss the application received from the candidate, make a recommendation to fill the vacancy, and refer the recommendation to the Kern County Board of Supervisors to make the appointment.

RECEIVED

JAN 24 2025

Kern Medical Administration Office

Kern County Hospital Authority Board of Governors
APPLICATION

APPLICATION DEADLINE: Open

Applications must be received at the address listed below on the application.

Please fill out all information on this form, print clearly using blue ink only. If you have questions, please call (661) 326-2102.

Mail or deliver your completed application to:
Kern County Hospital Authority
ATTN: Chief Executive Officer
1700 Mount Vernon Avenue, Room 1232
Bakersfield, CA 93306

Form fields for personal and employer information, including handwritten entries 'Stout', 'Tina', and 'K.' in blue ink. Fields include Last Name, Home Address, Home Phone, Employer, and Employer Address.

BOARD OF GOVERNORS QUALIFICATION CATEGORIES

I meet the following Board of Governors specific qualification categories (mark all that apply):

- Checkboxes for qualification categories: Knowledge of healthcare delivery systems, Knowledge of healthcare policy and regulatory issues, Knowledge of human resources in large organizations, An understanding of budgeting process, revenue cycle, financial reports and basic accounting principles, Experience with managing hospital services and understanding of the healthcare needs of the Kern County Hospital Authority's patient populations, Experience in advocating for safety net populations including, but not limited to, the pursuit of public funding for the delivery of healthcare services.

APPLICANT RESPONSIBILITIES

I understand that by submitting this application:

- Numbered list of responsibilities: 1. I am a full-time resident of the County of Kern and at least 18 years of age; 2. I agree to participate as a Member of the Kern County Hospital Authority Board of Governors; 3. I am willing to provide authorization to the Kern County Hospital Authority to conduct necessary background checks; 4. I have submitted with this Application a current resume or curriculum vitae; and 5. I agree to comply with the laws of the state of California as they pertain to conflicts of interest.

Handwritten signature of Tina K. Stout in blue ink over the Applicant Signature line.

Handwritten date 1-15-2025 in blue ink over the Date line.

## **TINA K. STOUT**

Associate Attorney

Patrick E. Jennison, APLC

4520 California Avenue, Suite 200

Bakersfield, CA 93309

661-324-2866

[Tina@pejlaw.com](mailto:Tina@pejlaw.com)

### **EXPERIENCE**

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Attorney-at-Law since 1991

Worked as a probate and estate planning attorney for Patrick E. Jennison from 1992-1993 and then returned in 2007 to present

School Board Trustee with Fruitvale School District since 1991

### **EDUCATION**

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1975 North High School Graduate

1979 University of the Pacific-Bachelor of Arts

1984 Lincoln Law School of Sacramento-Juris Doctorate Degree

California Substitute Teaching Credential

### **KEY ACHIEVEMENTS**

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3 children, born in 1980, 1984, and 1986

Married to Andrew C. Stout for 38 years until his death in 2014

Owner of El Tejon Pharmacies from 1987 to September of 2024 (3 stores)

### **SKILLS**

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Multi-tasking

Organization/Time management

Cooking

Patience

Listening

Perseverance

Peacemaker

### **LANGUAGES**

---

English

### **PAST ORGANIZATIONS**

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Rosedale Kiwanis-secretary/treasurer

Kern County Women's Bar Association-secretary



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

February 18, 2025

**Subject:** Proposed Retroactive Amendment No. 1 to Agreement 145-2024 with Frank W. Sabatelli, M.D., a contract employee, for professional medical services in the Department of Radiology

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

**Summary:**

Kern Medical recommends your Board retroactively approve Amendment No. to Agreement 145-2024 with Frank W. Sabatelli, M.D., a contract employee, for professional medical services in the Department of Radiology. Dr. Sabatelli is a board-certified interventional radiologist and has been employed by Kern Medical full time since August 2021.

This amendment clarifies language within the agreement regarding excess call coverage while providing services on designated Kern Medical holidays. This was contemplated in the calculation of the original maximum payable, which is not impacted by this amendment. This amendment is retroactive to November 1, 2024, to cover holidays observed after that date.

Therefore, it is recommended that your Board retroactively approve Amendment No. 1 to Agreement 145-2024 with Frank W. Sabatelli, M.D., a contract employee, for professional medical services in the Department of Radiology, revising the compensation section to include payment for holiday coverage, and authorize the Chairman to sign.

**AMENDMENT NO. 1  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
CONTRACT EMPLOYEE  
(Kern County Hospital Authority – Frank W. Sabatelli, M.D.)**

This Amendment No. 1 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 Frank W. Sabatelli, M.D. (“Physician”).

**RECITALS**

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #145-2024, dated August 21, 2024) (the “Agreement”), for the period August 28, 2024 through August 27, 2027, whereby Physician provides professional medical services in the Department of Radiology 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 November 1, 2024;

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

1. Section 5, Compensation Package, paragraph 5.3, Excess Call Coverage, shall be deleted in its entirety and replaced with the following:

“5.3 Excess Call Coverage. Authority shall pay Physician for excess call coverage (vascular/interventional radiology only) as follows: (i) Physician shall be paid a per diem rate in the amount of \$1,000 per twenty-four (24) hour day, less all applicable federal and state taxes and withholdings, for every weekday (Monday-Friday) of excess call coverage assigned; (ii) Physician shall be paid a per diem rate in the amount of \$2,000 per twenty-four (24) hour day, less all applicable federal and state taxes and withholdings, for every weekend (Saturday and Sunday) of excess call coverage assigned; and (iii) Physician shall be paid a per diem rate in the amount of \$2,000 per twenty-four (24) hour day for holiday coverage (designated Authority holidays only).”

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 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.

PHYSICIAN

By \_\_\_\_\_  
Frank W. Sabatelli, M.D.

KERN COUNTY HOSPITAL AUTHORITY

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

APPROVED AS TO CONTENT:

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

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

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

Amend1.Sabatelli.012225





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

February 18, 2025

**Subject:** Proposed retroactive Amendment No. 5 to Agreement 20117 for with LocumTenens.com for temporary physician staffing

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

**Summary:**

Kern Medical requests your Board retroactively approve the proposed Amendment No. 5 to Agreement 20117 with LocumTenens.com for temporary physician staffing, extending the term for two years from May 22, 2023 through May 21, 2025, and increasing the amount not to exceed amount by \$1,500,000, from \$3,000,000 to \$4,500,000.

On June 8, 2017, Kern Medical entered into a one-year Agreement with LocumTenens.com with a not to exceed amount of \$250,000.

On July 18, 2018, your Board approved Amendment No. 1, increasing the not to exceed amount by \$500,00 to \$750,000 and extended the term for an additional year, through May 21, 2019.

On May 23, 2019, your Board approved Amendment No. 2 which extended the term for an additional two years, through May 21, 2021, and increased the maximum payable by \$2,250,000 for a total of \$ 3,000,000.

On June 2, 2021, Kern Medical entered into Amendment No. 3 which extended the term for an additional year, ending on May 21, 2023, and modified the payment terms to exclude travel expenses for per diem physician.

On April 11, 2022, Kern Medical entered into Amendment No. 4 which updated the vendor's fee schedule.

The proposed Amendment would increase the not to exceed amount by \$1,500,000, from \$3,000,000 to \$4,500,000, to cover expenditures since the previous amendment and extend the term from May 22, 2023 through May 21, 2025. The Amendment is retroactive due to attempts to renegotiate the renewal to modify the term as well as increase the maximum payable. However, the vendor did not agree to move forward with the new language.

LocumTenens.com provides a critical service supplying specialists which Kern County Hospital Authority requires in order to fulfill patient needs. Kern Medical has seen an increase in the use of locum physicians in 2024 and foresees continued use in 2025 for high demand specialties that we are not currently staffed at appropriate capacity to cover patient needs. The main specialties that we are currently utilizing LocumTenens.com for to bridge physician gaps include: OB/GYN; Plastic Surgery; Rheumatology and Hematology/Oncology.

Therefore, it is recommended that your Board retroactively approve Amendment No. 5 to Agreement 20117 with LocumTenens.com, extending the term for two years from May 22, 2023 through May 21, 2025, and increasing the maximum payable by \$1,500,000, from \$3,000,000 to \$4,500,000, and authorize the Chairman to sign.

**AMENDMENT NO. 5  
TO  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
(Kern County Hospital Authority–LocumTenens.Com)**

THIS AMENDMENT TO AGREEMENT, effective May 15, 2024, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and LocumTenens.Com ("Consultant") with its principal place of business located at 2575 Northwinds Parkway, Alpharetta, Georgia 3009.

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated May 22, 2017 (Agt. #20177PA), Amendment No. 1 effective May 23, 2018 (KCHA Agt. #044-2018), Amendment No. 2 effective May 23, 2019 (KCHA Agt. #036-2019), Amendment No. 3 effective May 22, 2021 (KCHA Agt. #24521), and Amendment No. 4 effective April 11, 2022 (KCHA Agt. 16122) ("Agreement"), for the period May 22, 2017 through May 21, 2023; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

- Term.** The Agreement shall be extended from May 22, 2023 to May 21, 2025, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase by \$1,500,000, from \$3,000,000 to \$4,500,000.
- Travel Expenses** payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.
- Services.** See Exhibit XXXX, attached hereto and incorporated herein by this reference, for revised Services.
- Other**

Except as expressly amended herein, all provisions of the Agreement, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 5 to the Agreement has been executed as of the date indicated above.

**KERN COUNTY HOSPITAL AUTHORITY**

By \_\_\_\_\_  
Chairman, Board of Governors  
"KCHA"

Date: February 18, 2025

**APPROVED AS TO CONTENT:**

Responsible KCHA Department

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

Date: February 18, 2025

**LOCUMTENENS.COM**

By Holly Ogletree  
Holly Ogletree May 3, 2024 16:26 EDT  
Name: Holly Ogletree  
Title: Regional Accounts Managing Director  
"Consultant"

Date: May 3, 2024

**APPROVED AS TO FORM:**

Legal Services Department

By Phillip Jones  
Hospital Counsel  
Kern County Hospital Authority

Date: 2/16/25

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

February 18, 2025

**Subject:** Report on referral to staff to address retroactive contracts and develop a process to minimize the placement of such contracts on future agendas (follow-up from November 20, 2024)

**Recommended Action:** Receive and File

**Summary:**

On March 20, 2024, your Board made a referral to staff to address retroactive contracts and develop a process to minimize the placement of such contracts on future agendas. On April 17, 2024, staff responded to the referral and indicated at that time a follow up report to your Board would be given in approximately six months. On November 20, 2024, staff responded to the referral and indicated at that time an additional follow up report to the Board would be given in approximately three months. Since November 20, the following has been accomplished in order to mitigate the need to process contract agreements retroactively:

- Management has implemented an initiative within the PeopleSoft procurement-to-payment software that will insert vendor contract terms, including maximum payable dollar amounts and termination dates. This process has added greater visibility to contracts that are expiring and have reached or are about to reach the maximum payable for that vendor. If the contract has expired or the contract maximum payable is reached, payments will not be made until a new contract or amendment is in place. Approximately 360 contracts have been entered into the system with an estimated project completion date of mid-March 2025.
- On a regular basis, the contract database is reconciled with the contract terms in the procurement-to-payment software to mitigate any additional risk.
- Management has implemented a reconciliation process to include employment contract terms within the payroll software system. This initiative within the UKG payroll software will include contract terms, including maximum payable dollar amounts and termination dates. On a regular basis, the contract database is reconciled with the payroll roster to ensure accuracy and address areas of risk. Automation of this process continues with a completion date of February 2025.
- Actionable agreements are reviewed at weekly executive staff meetings.



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

February 18, 2025

**Subject:** Kern County Hospital Authority Chief Financial Officer Report – December 2024

**Recommended Action:** Receive and File

**Summary:**

**Kern Medical Operations:**

Kern Medical key performance indicators:

- Operating gain of \$82,777 for December is \$56,040 more than the December budget of \$26,737 and \$324,224 less than the \$407,001 average over the last three months
- EBIDA of \$1,813,934 for December is \$105,348 more than the December budget of \$1,708,586 and \$327,023 less than the \$2,140,957 average over the last three months
- Average Daily Census of 184 for December is 22 more than the December budget of 162 and 7 more than the 177 average over the last three months
- Admissions of 885 for December are 31 more than the December budget of 854 and 32 more than the 853 average over the last three months
- Total Surgeries of 547 for December are 80 more than the December budget of 467 and 32 more than the 515 average over the last three months
- Clinic Visits of 18,480 for December are 703 more than the December budget of 17,777 and 2,004 less than the 20,484 average over the last three months

**The following items have budget variances for the month of December 2024:**

**Patient Revenue:**

Gross patient revenue has a 3% favorable budget variance for the month and a 5% 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 over budget for the month due to the under accrual in prior months for Kern Medical's physician services provided to Adventist Health pursuant to a Professional Services Agreement previously approved by your Board. This additional revenue is offset in December by additional salaries expense. 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 18% over budget for the month due to the additional physicians' salaries expense referenced earlier in the other operating revenue section of the memo. Salaries expense is 2% over budget on a year-to-date basis.

**Benefits Expense:**

Benefits expense is 1% over budget for the month and on a year-to-date basis.

**Nurse Registry Expense:**

Nurse registry expense is 6% under budget for the month and 3% over budget year-to-date. In the aftermath of the COVID-19 pandemic, the market rate charged for nurse registry services stabilized. Therefore, the FY 2025 budget for registry expense has been adjusted down accordingly.

**Medical Fees:**

Medical fees are 5% over budget for the month and 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 because of additional recruiting expense paid for Curare Physician Recruiting services. Additional expense was also incurred from Healthfuse revenue cycle consulting services. On a year-to-date basis, the unfavorable variance is 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 at the targeted budget amount for the month. On a year-to-date basis, other expenses are over budget 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.

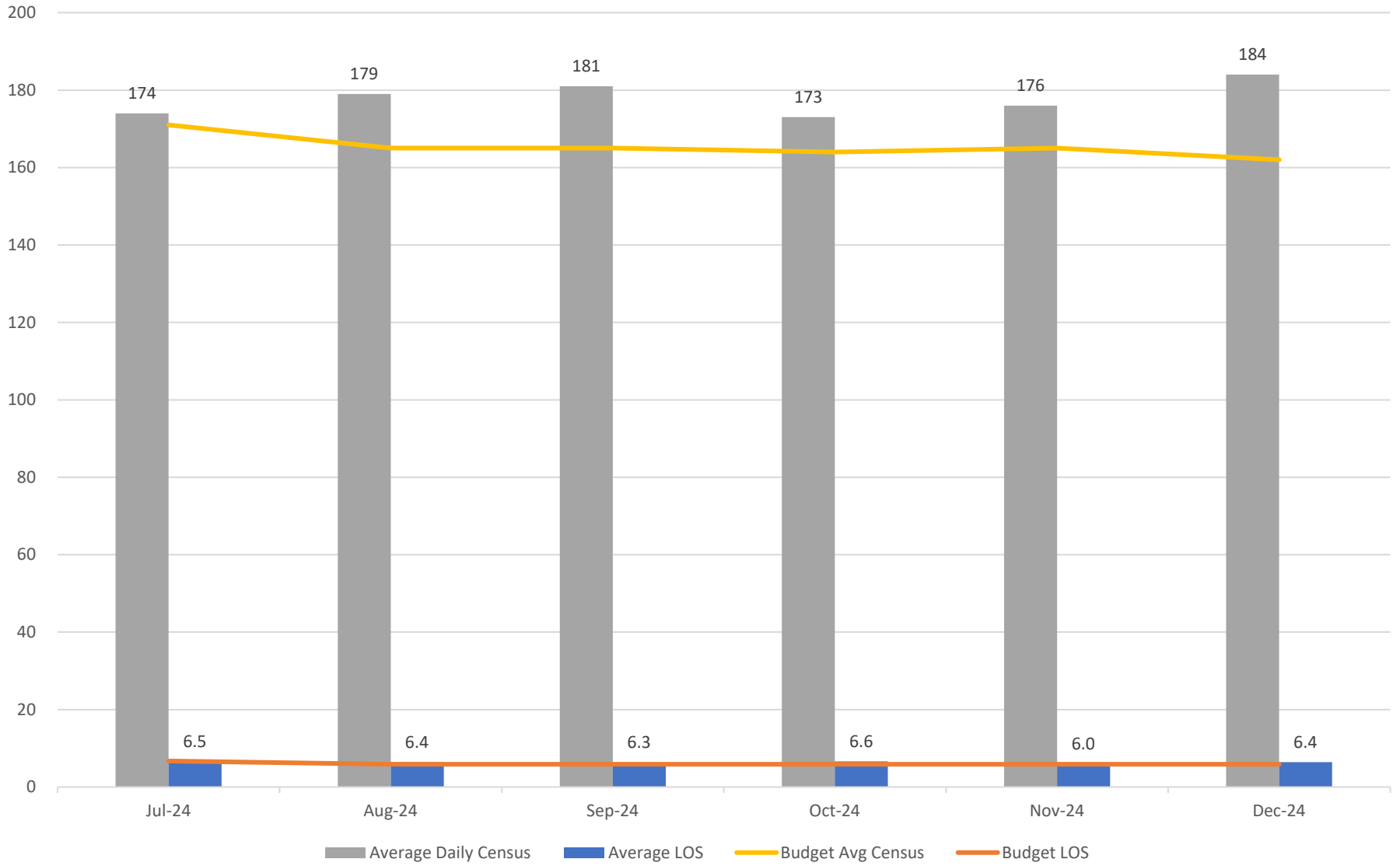
**Depreciation and Amortization Expense:**

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.



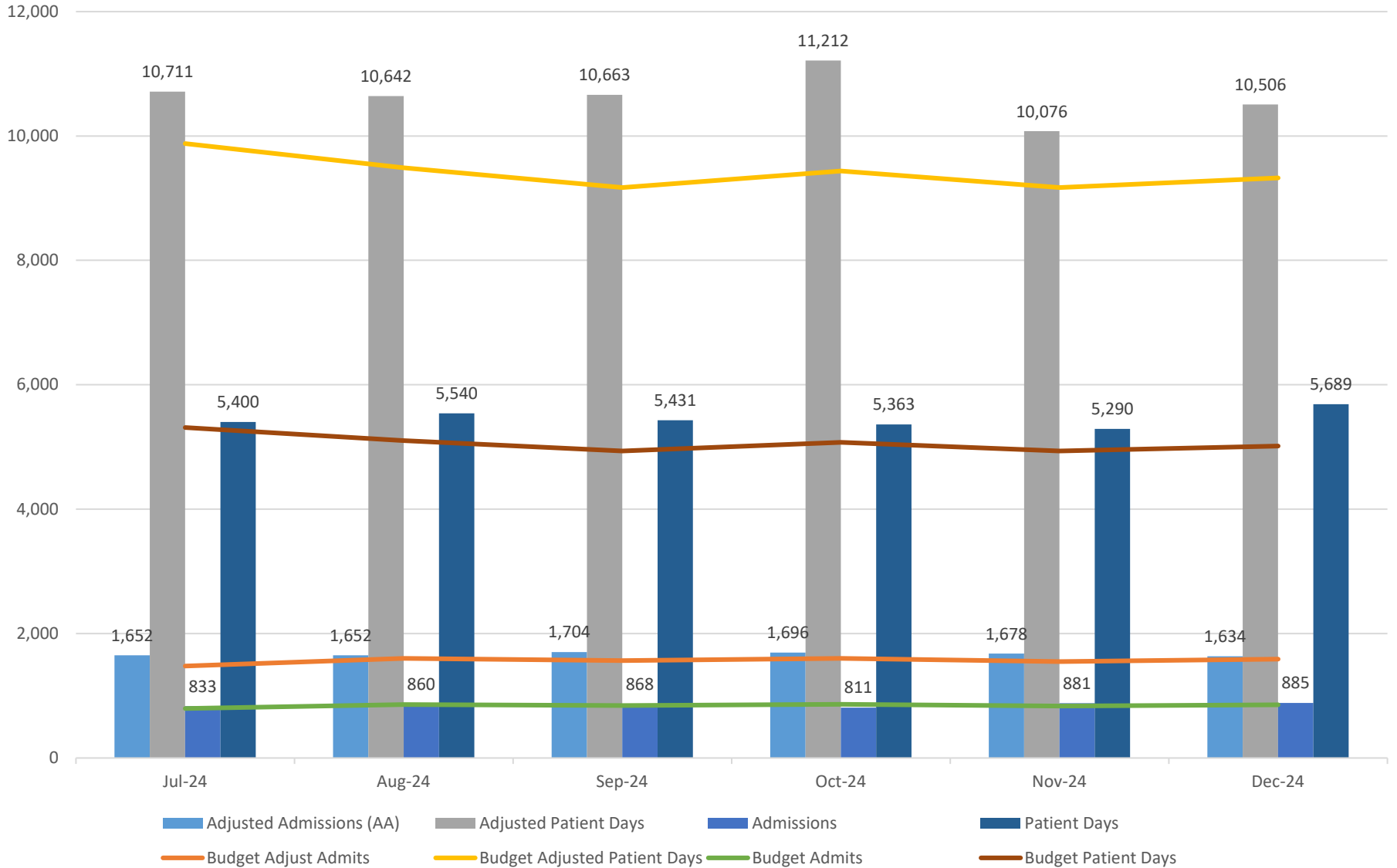
**BOARD OF GOVERNORS' REPORT  
KERN MEDICAL – DECEMBER 2024**

## Census & ALOS

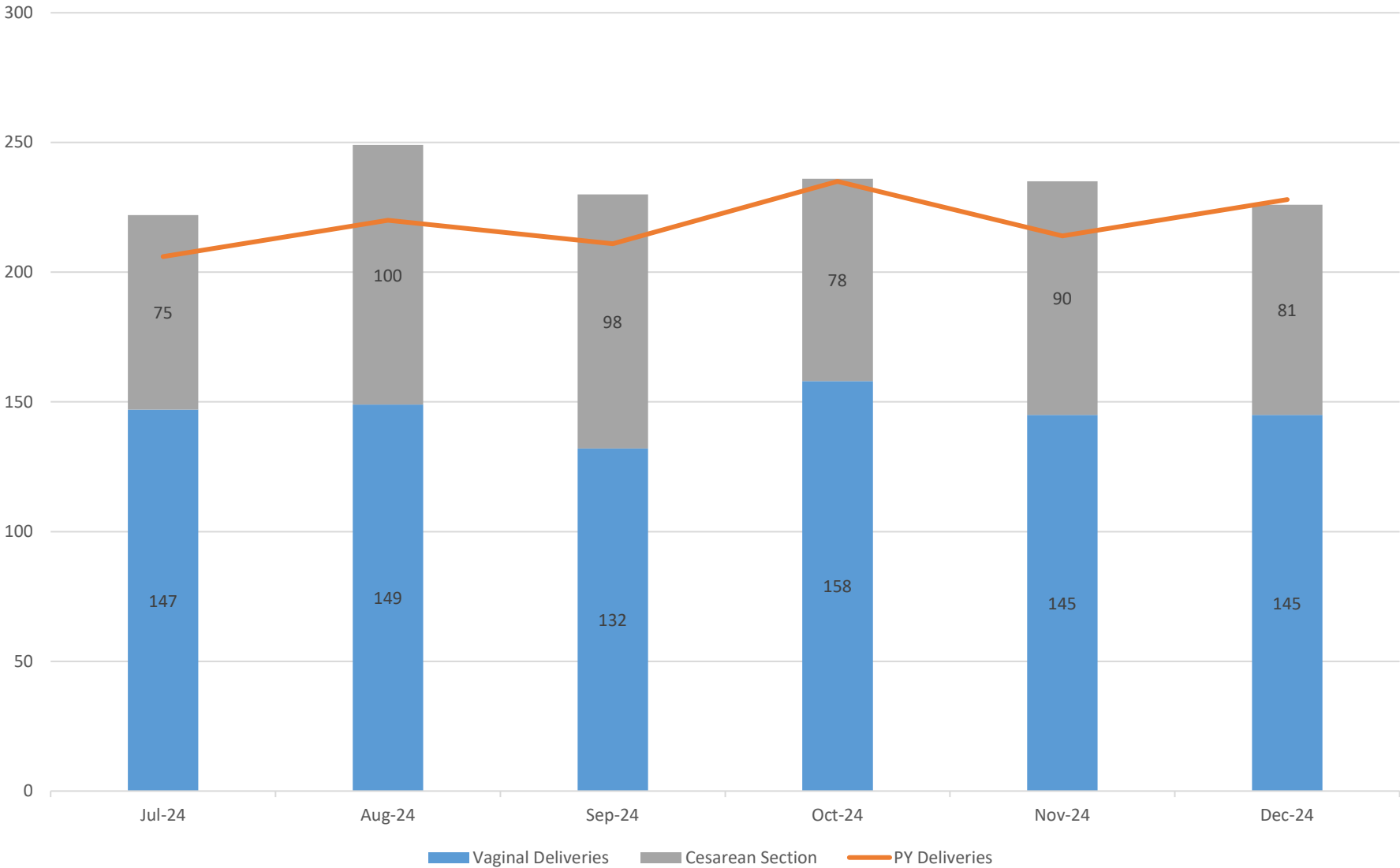




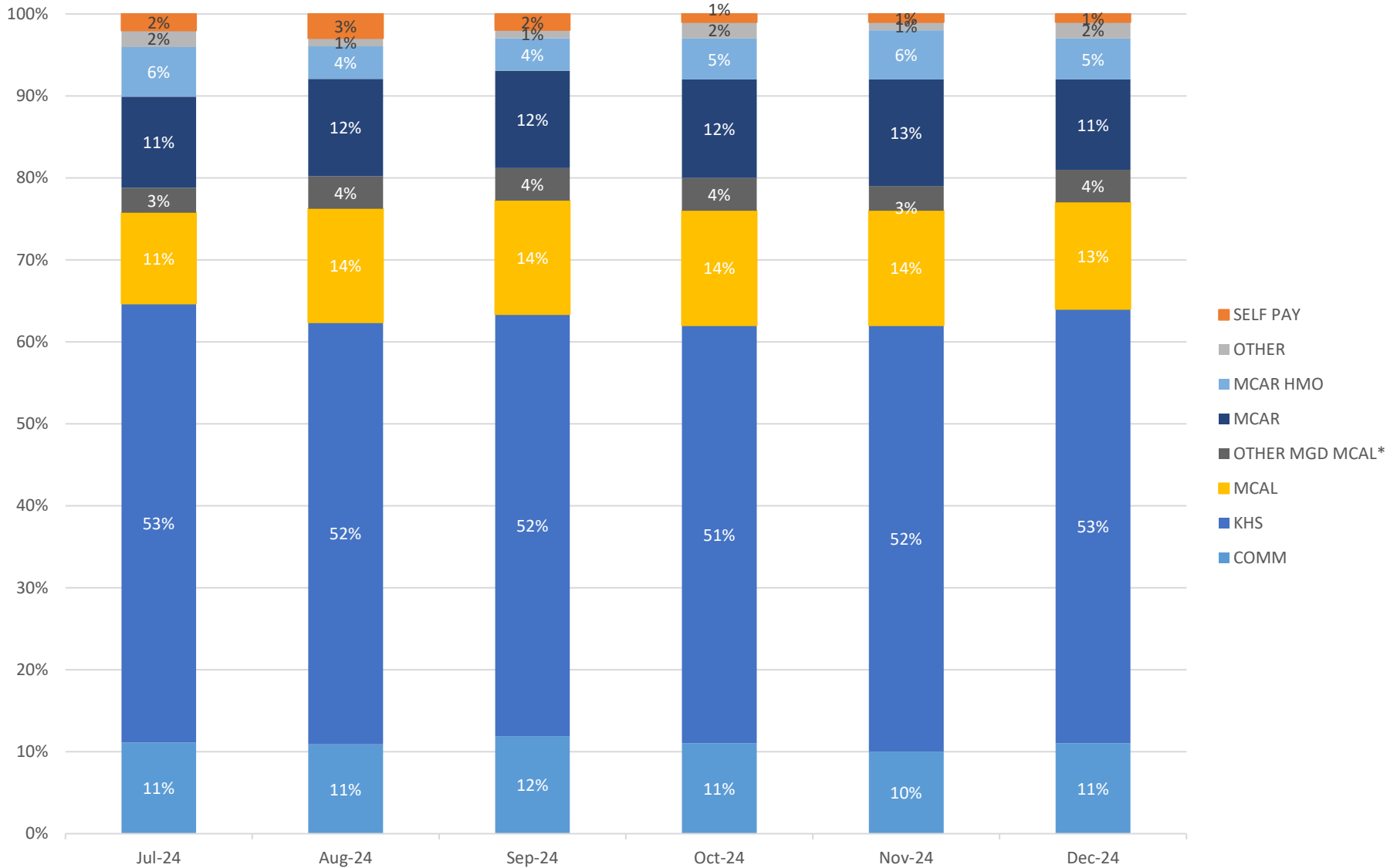
# Hospital Volumes



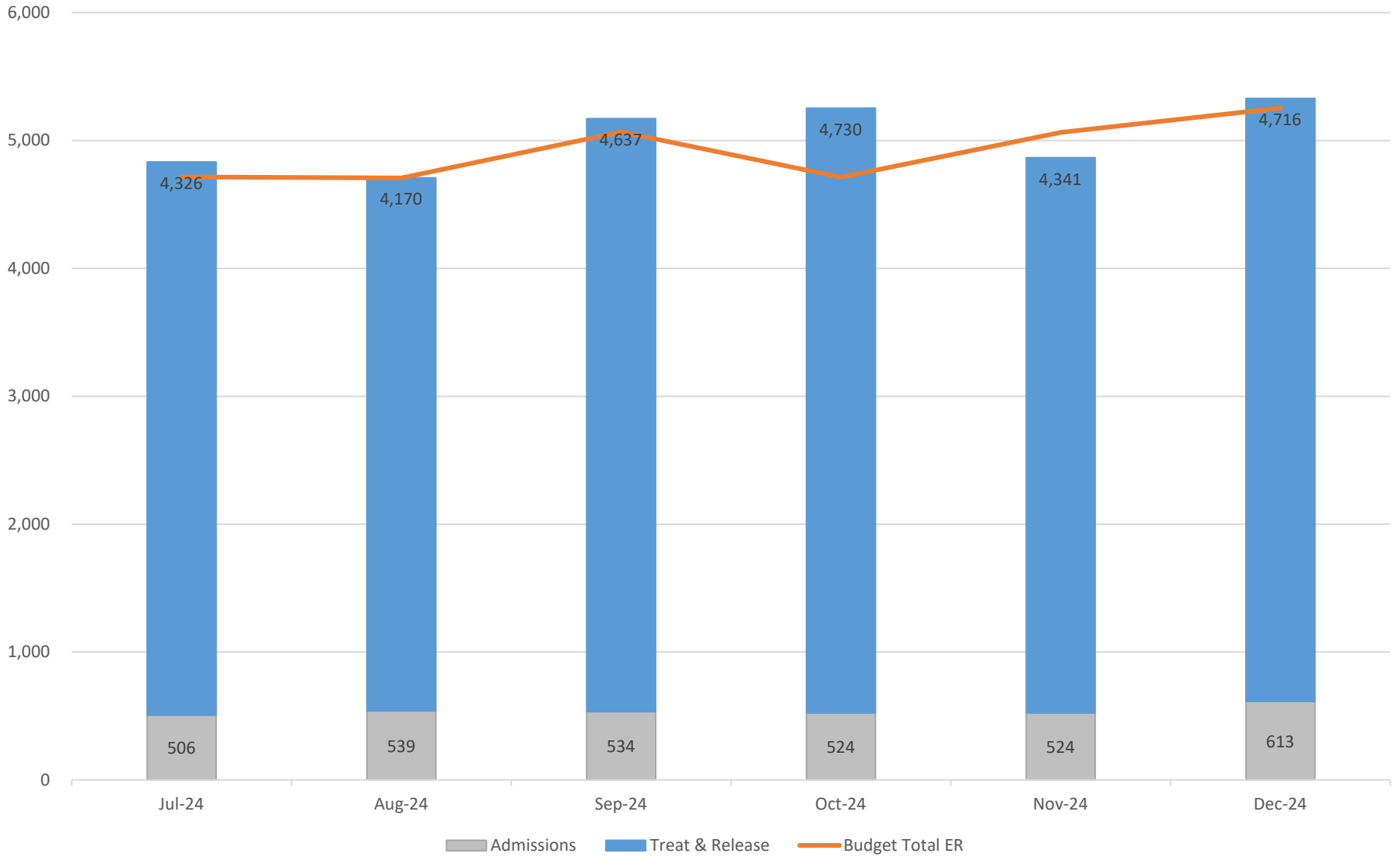
# Deliveries



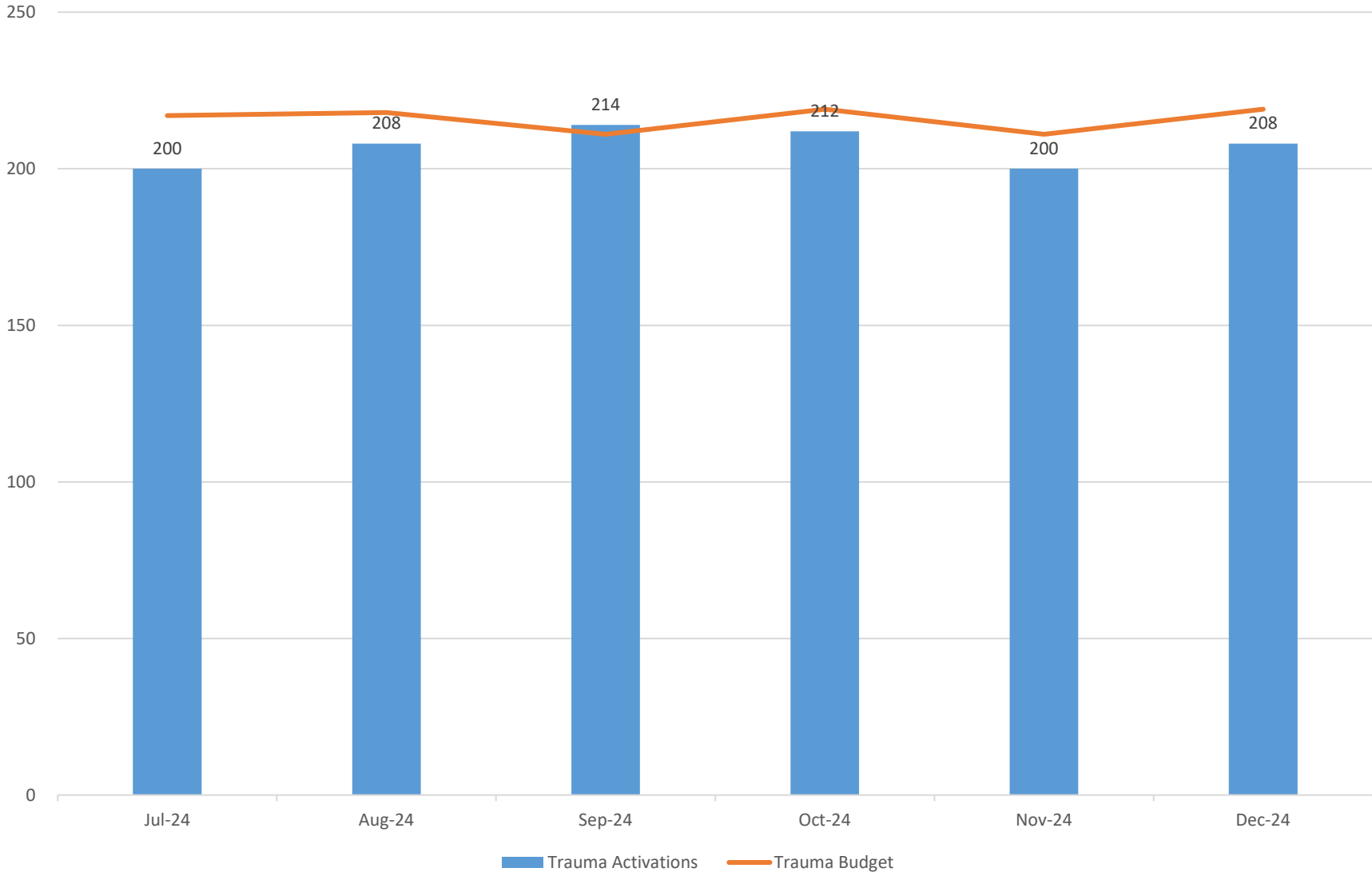
## PAYER MIX



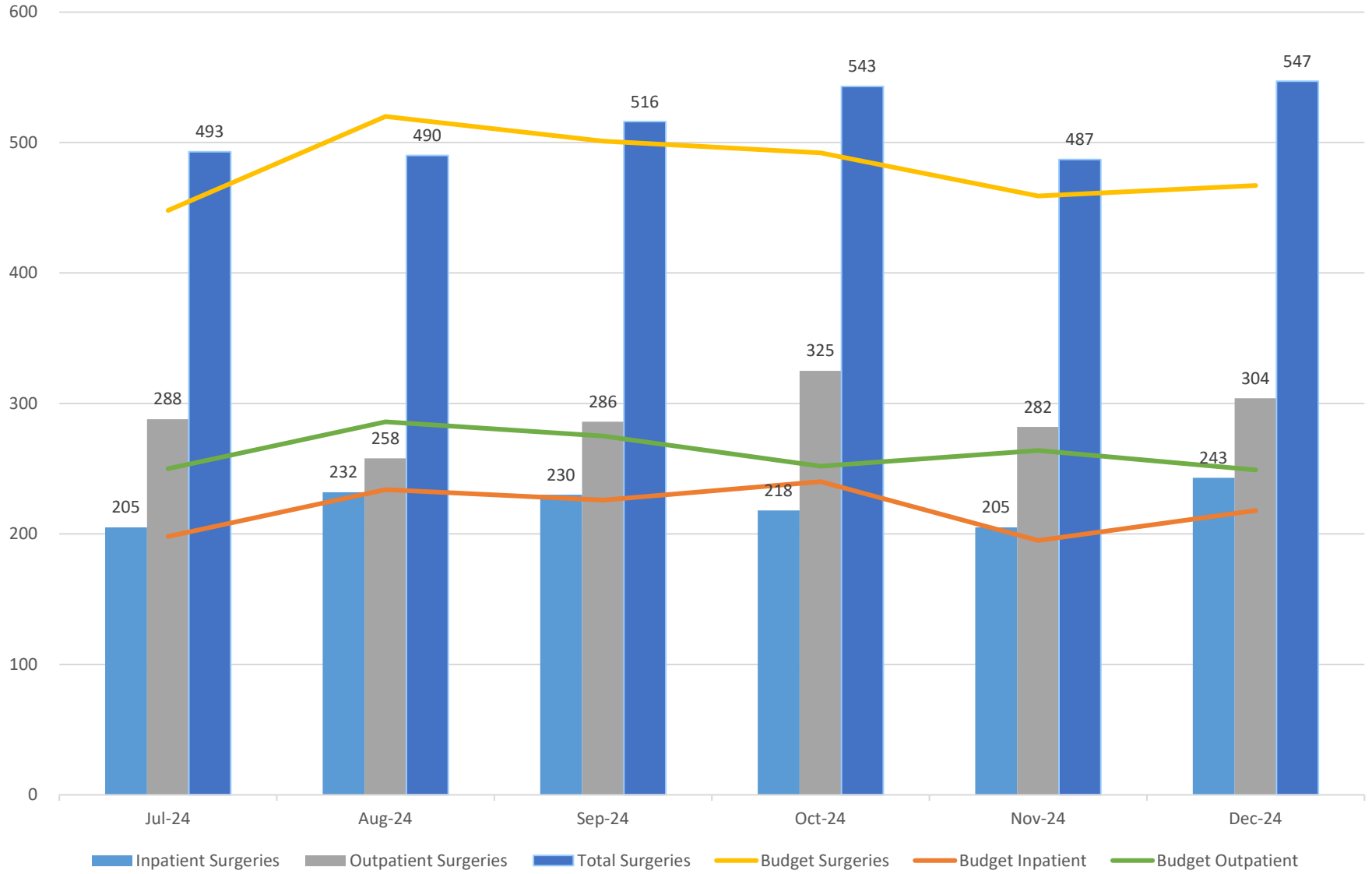
# Emergency Room Volume



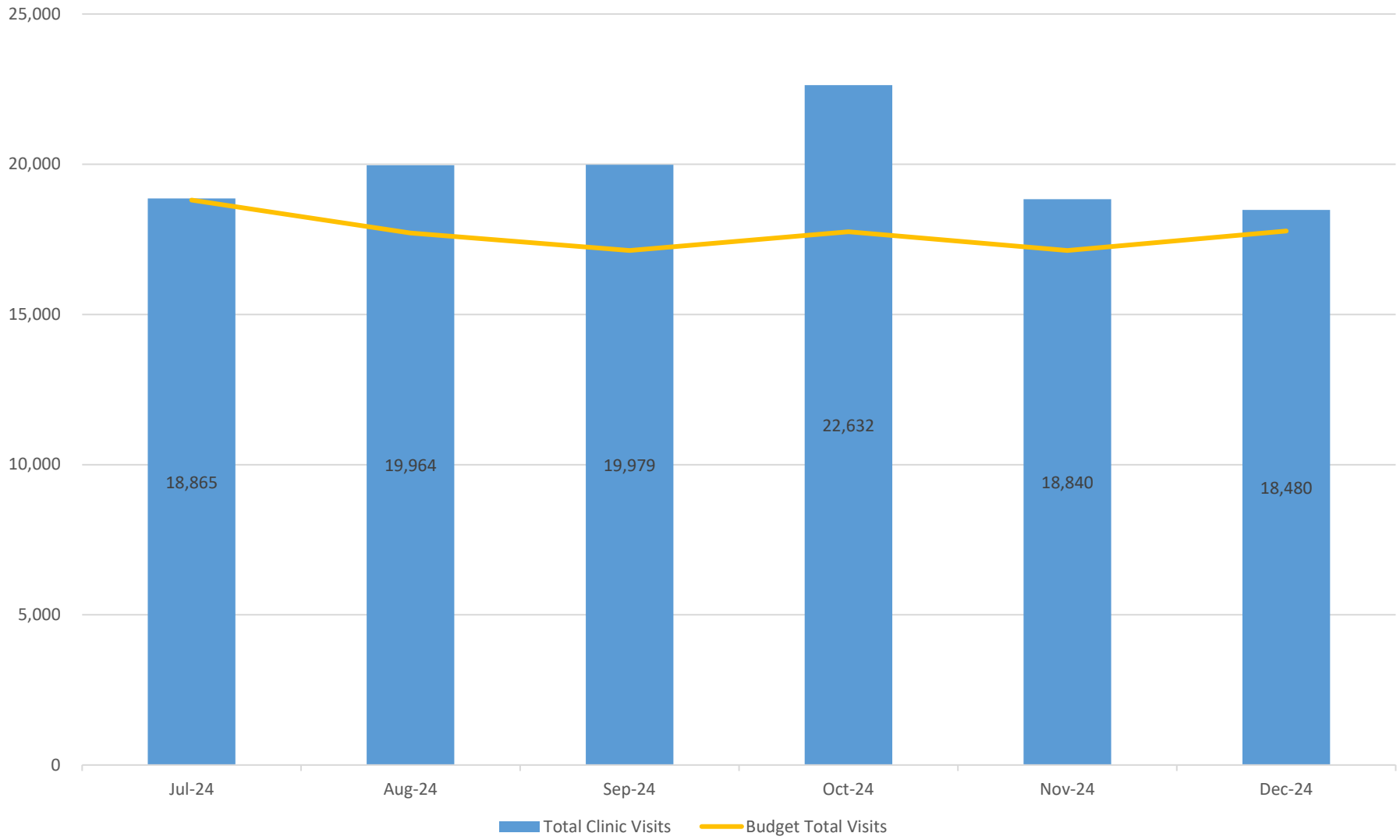
# Trauma Activations



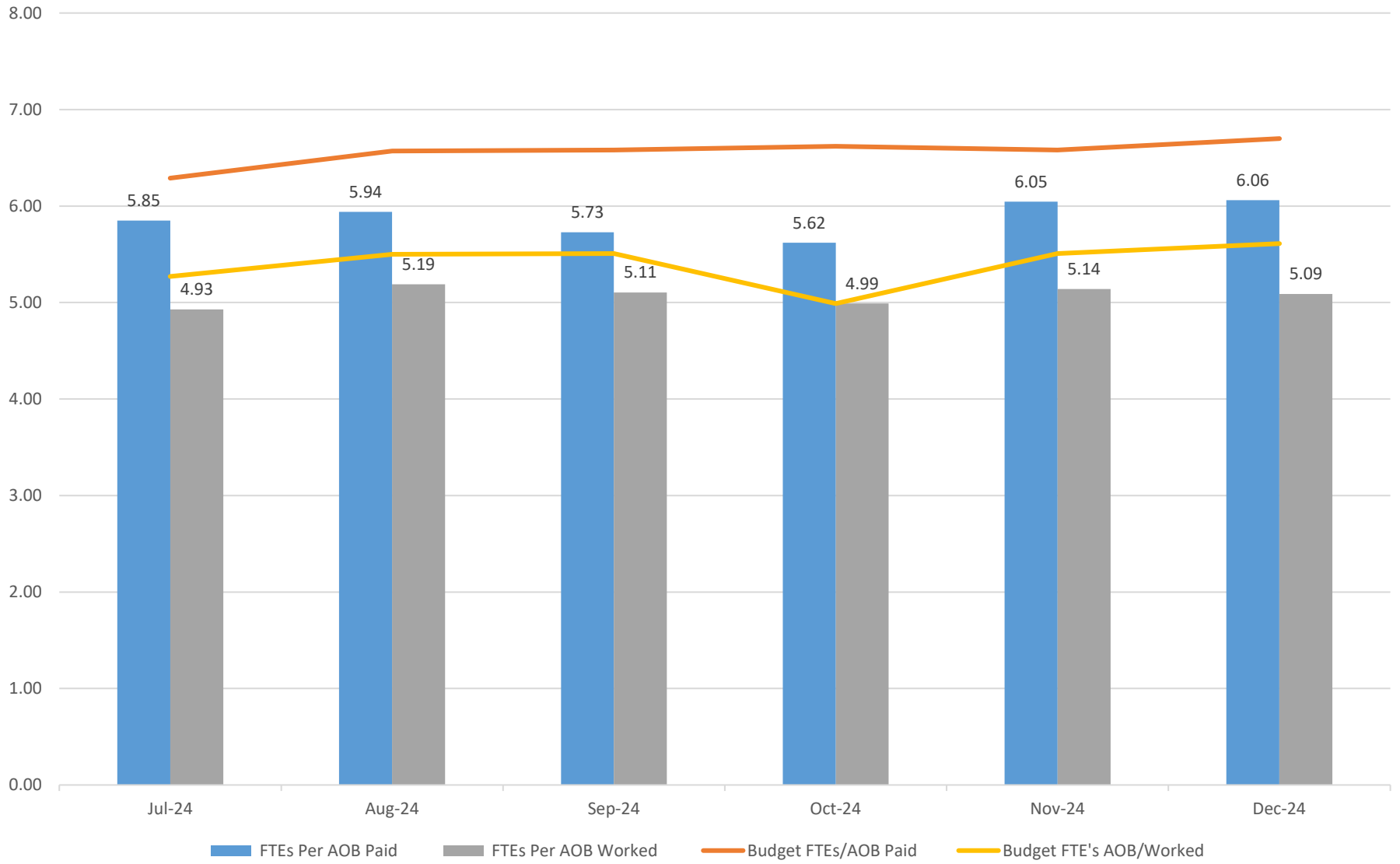
## Surgical Volume



# Clinic Visits

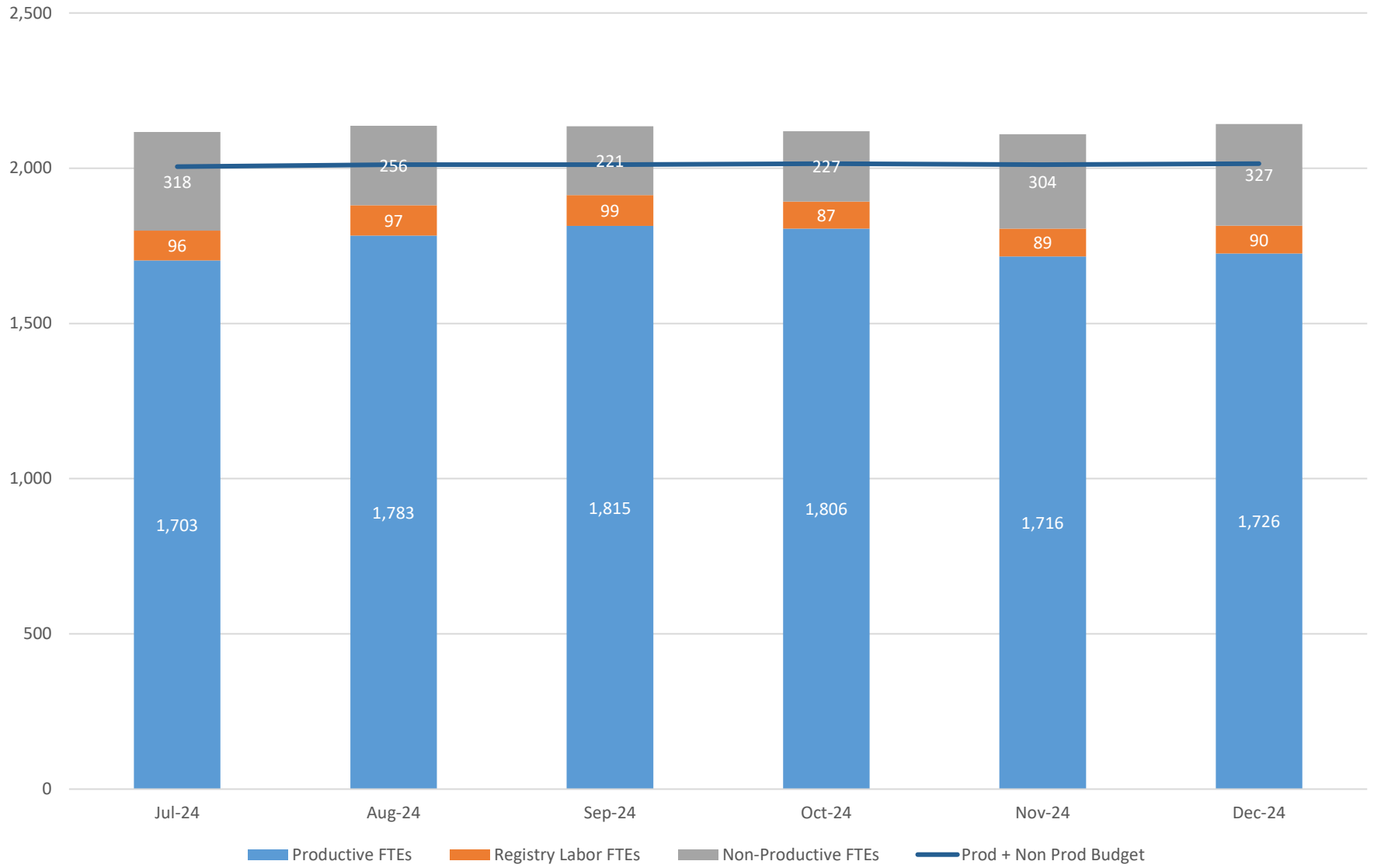


# Labor Metrics

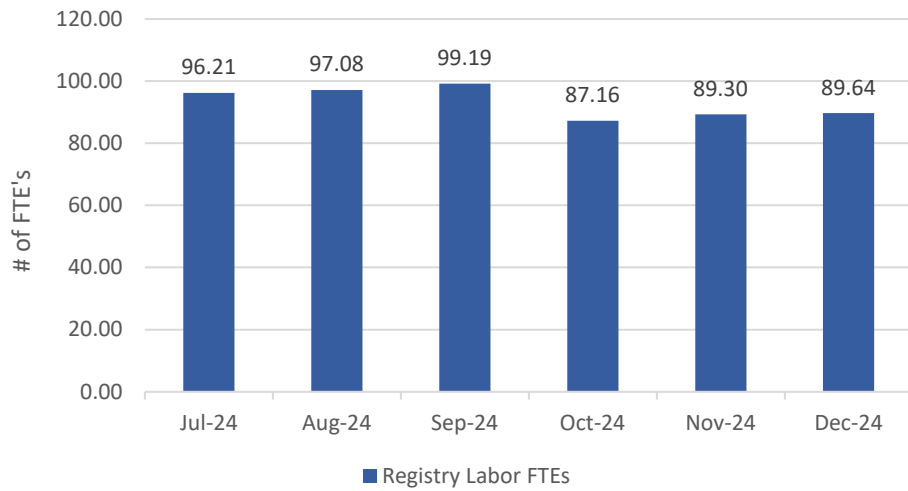




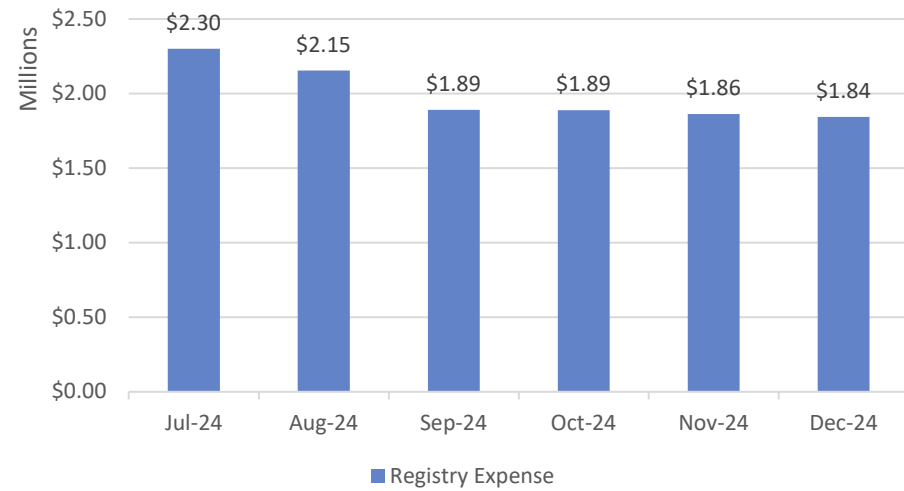
# Productivity



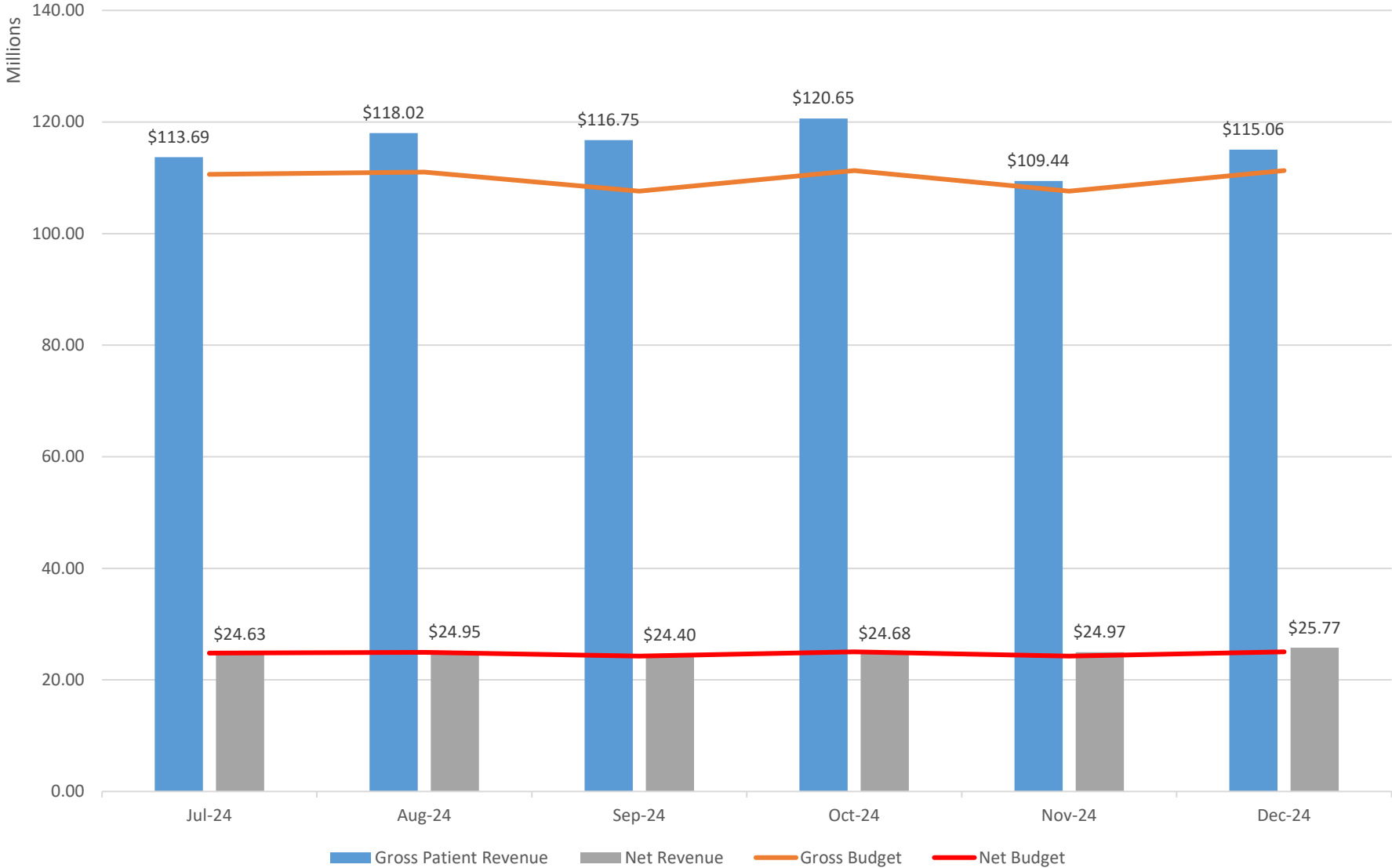
### Registry FTE's



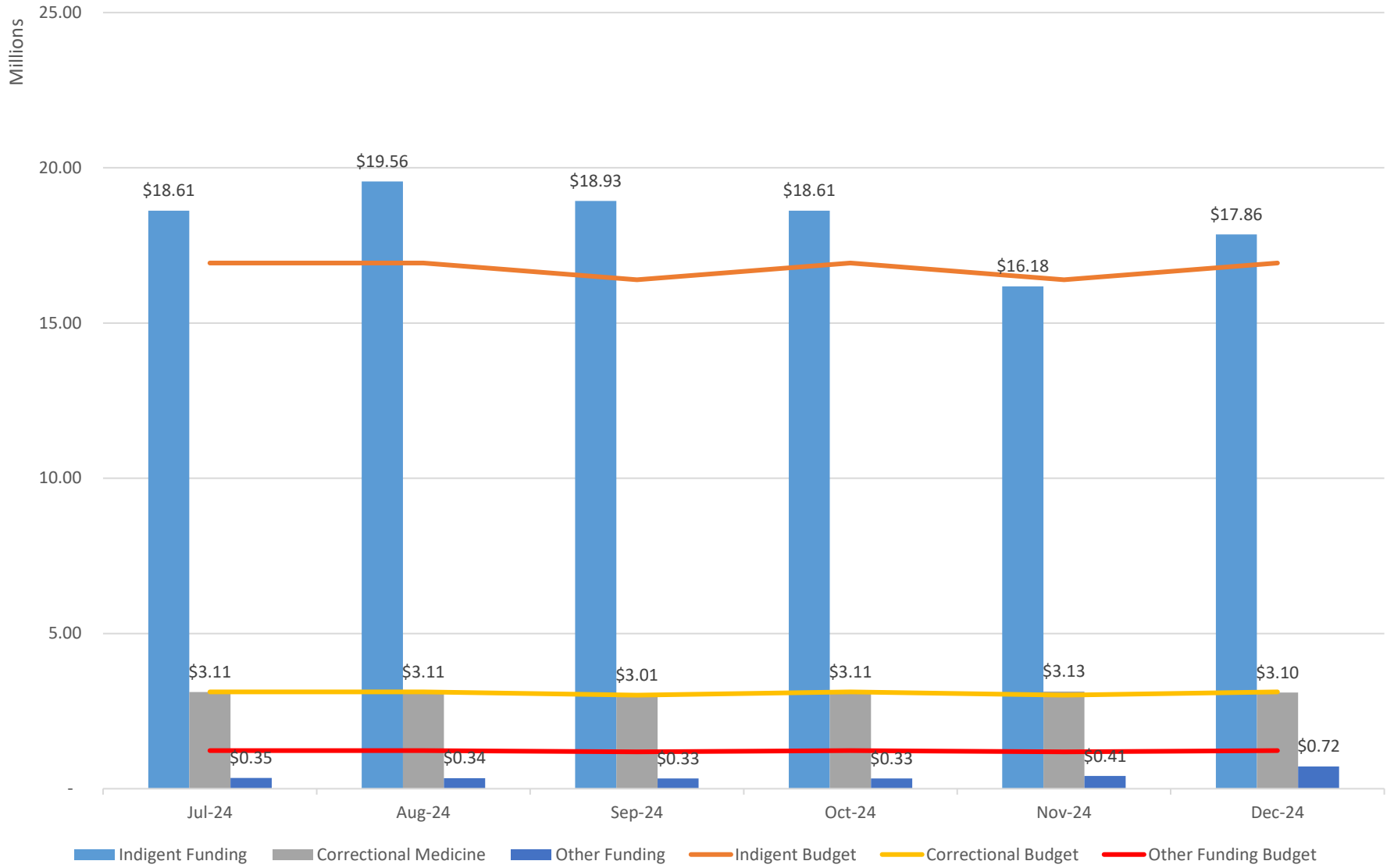
### Registry Expense



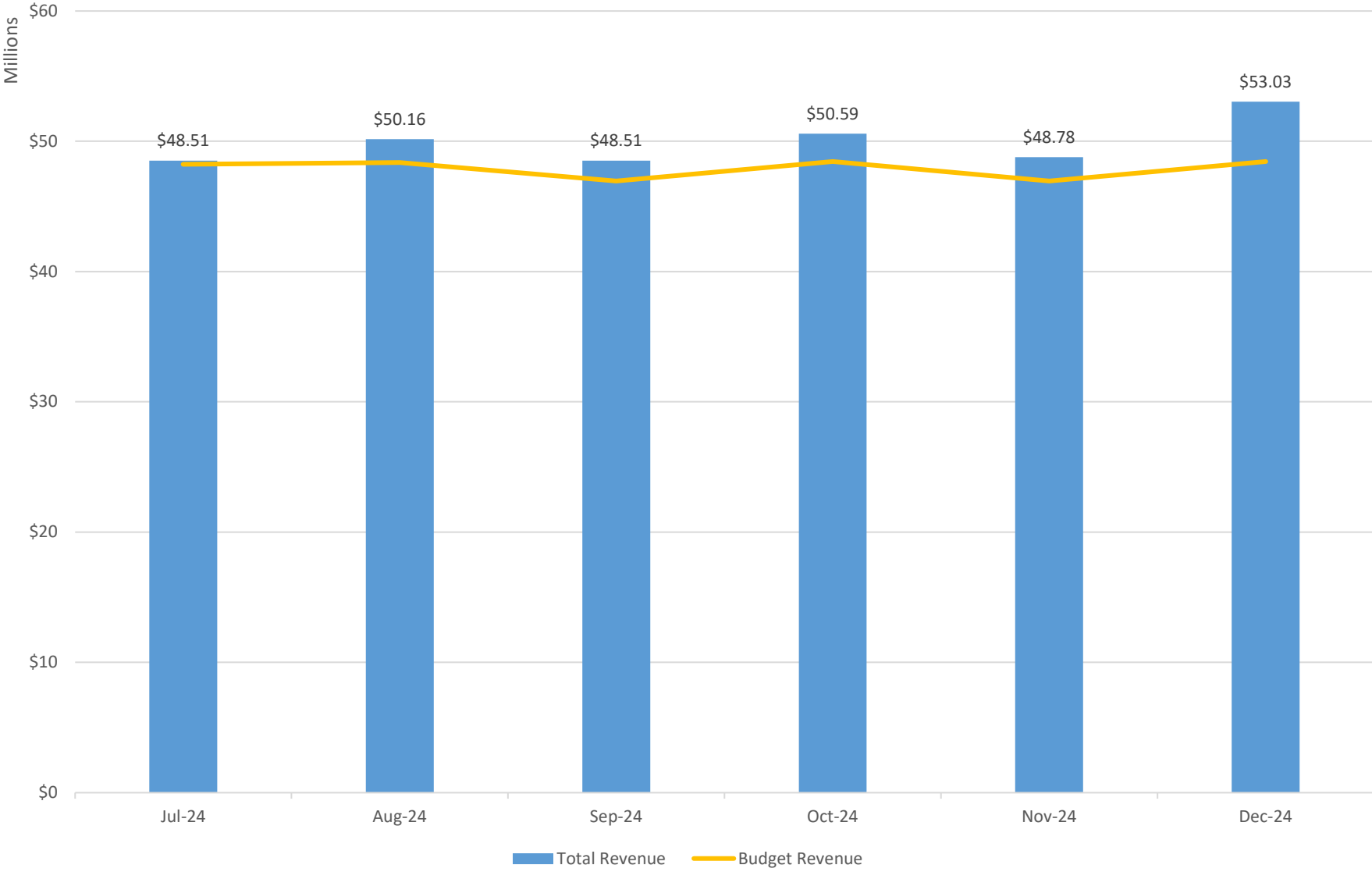
# Patient Revenue



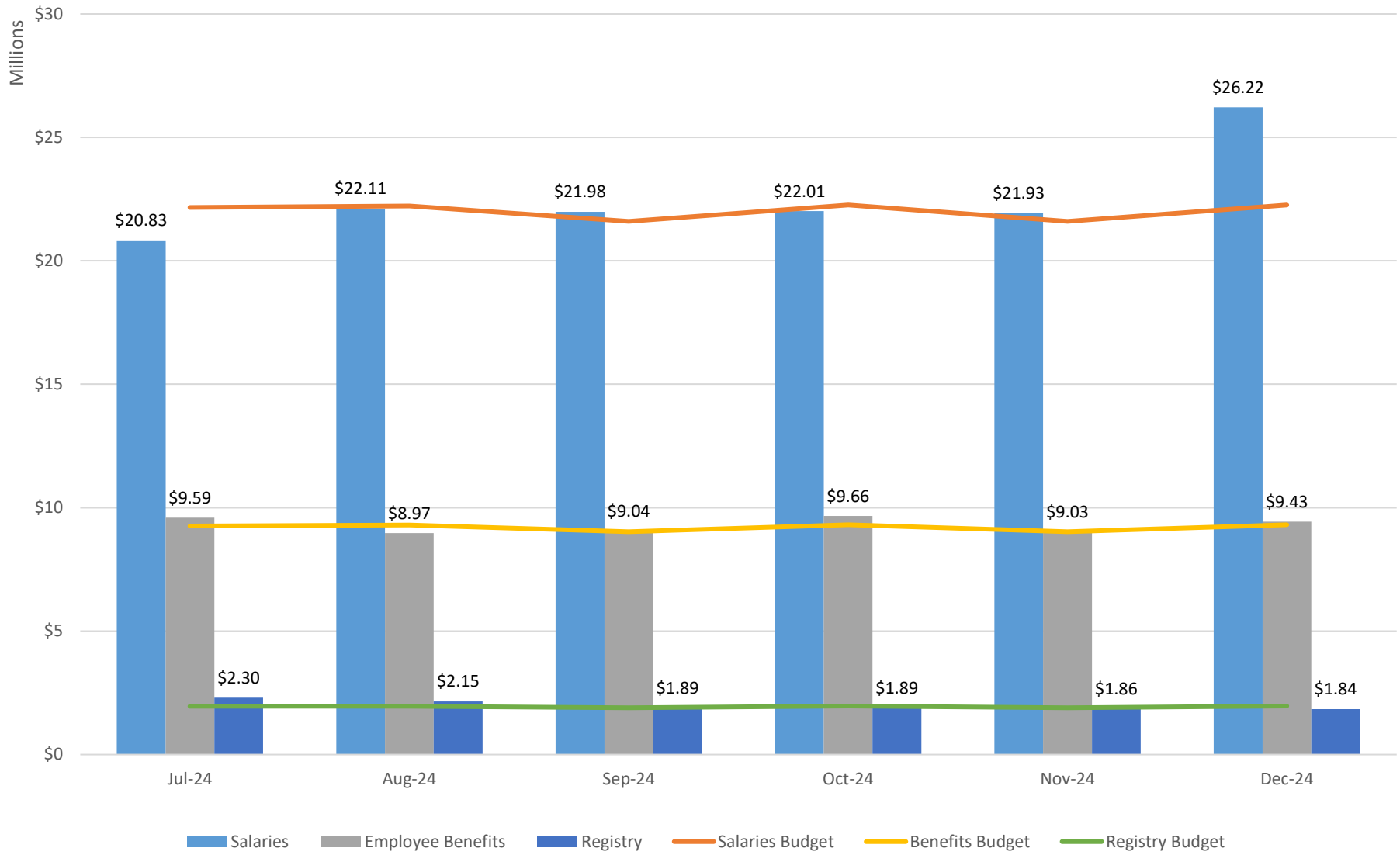
## Indigent & Correctional Revenue



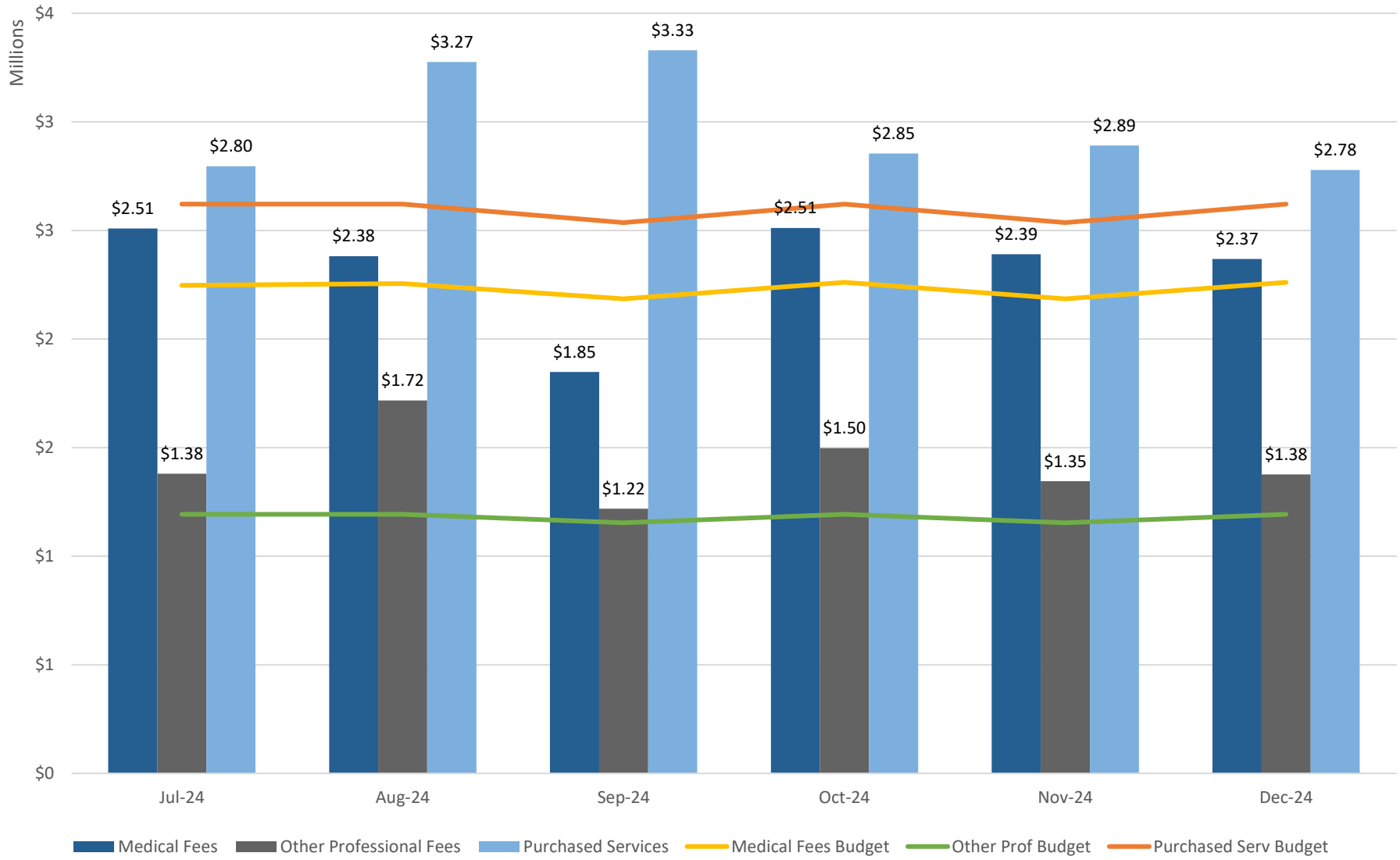
# Total Revenue



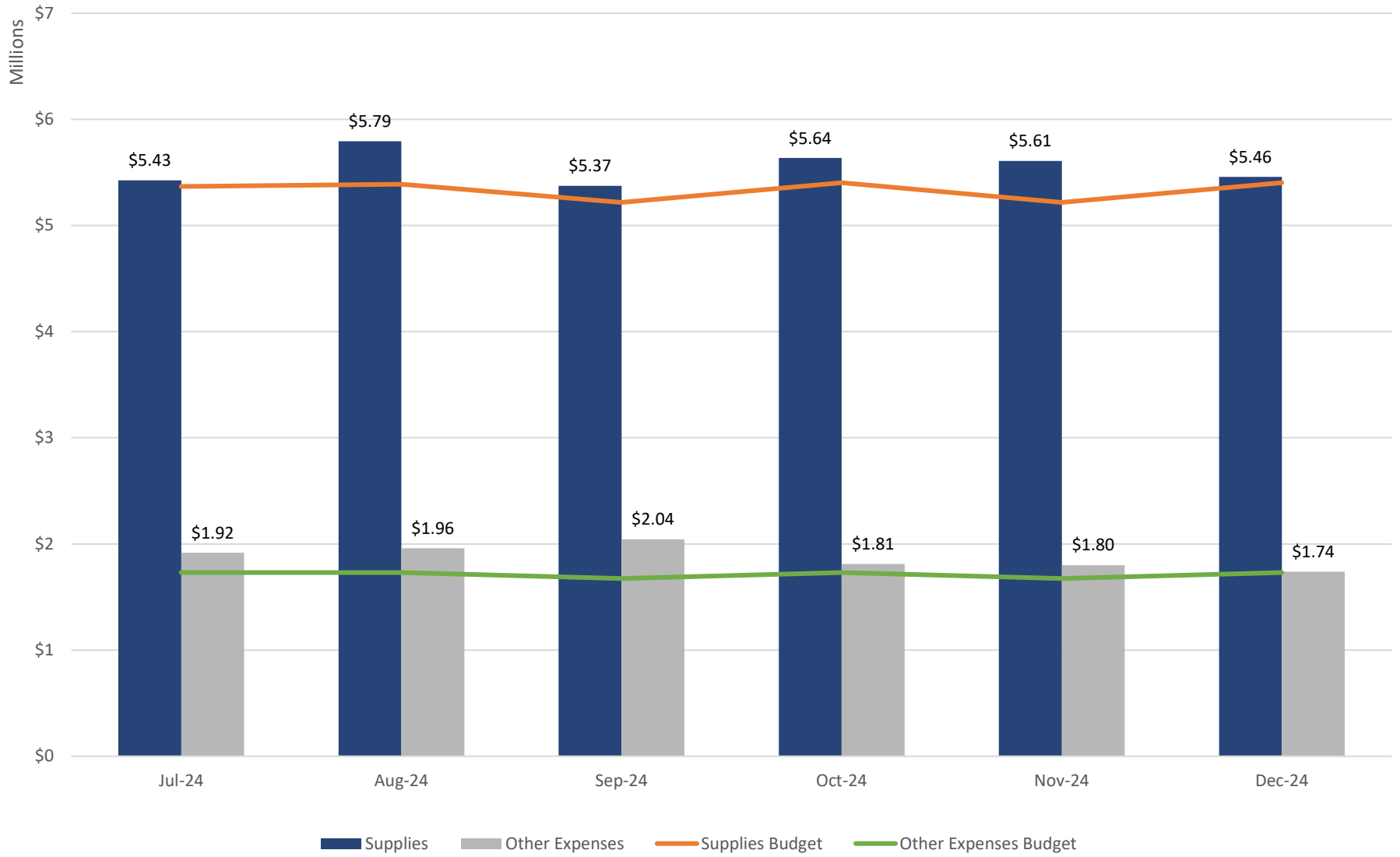
## Expenses



## Expenses

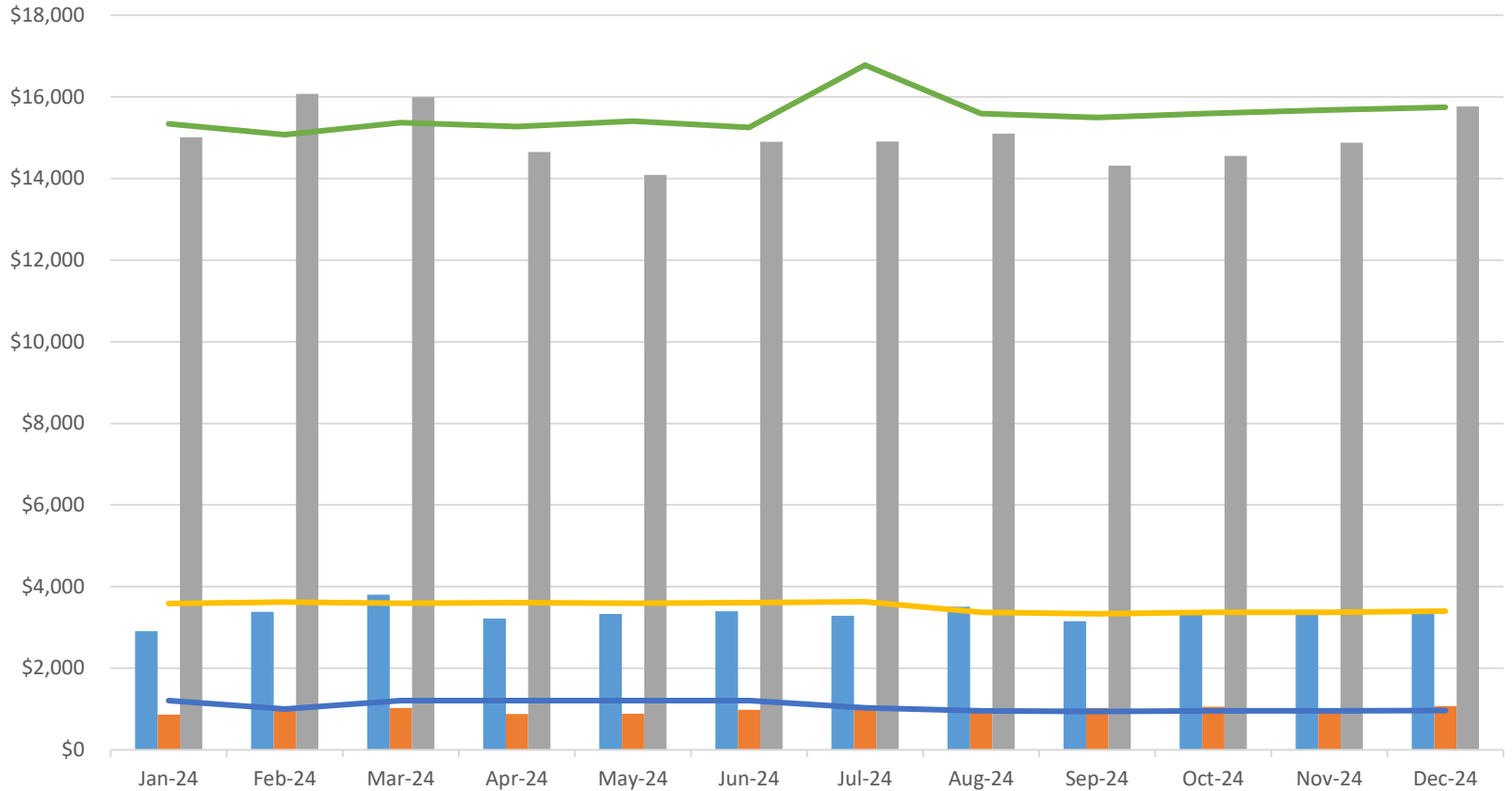


# Expenses



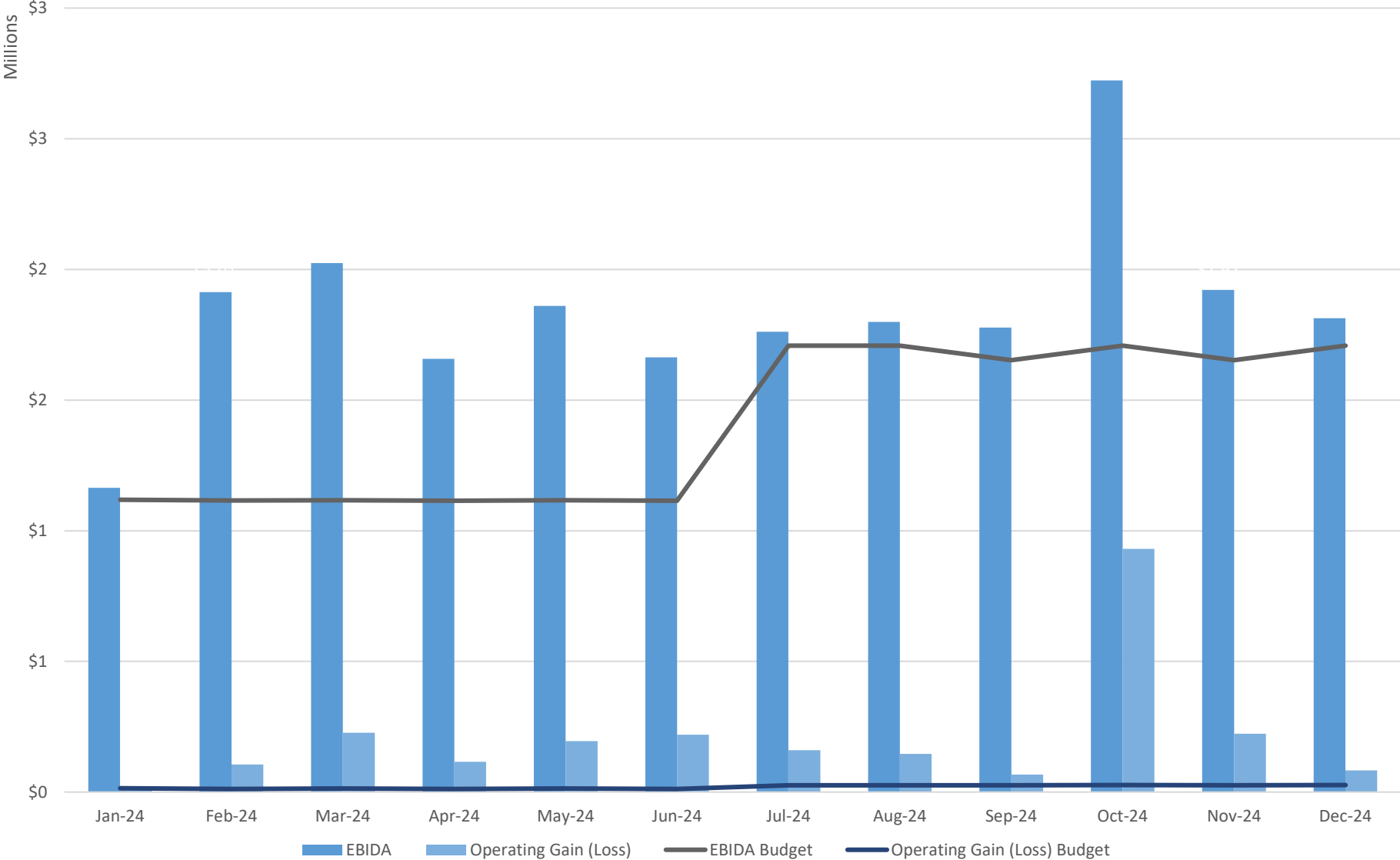


## Operating Metrics

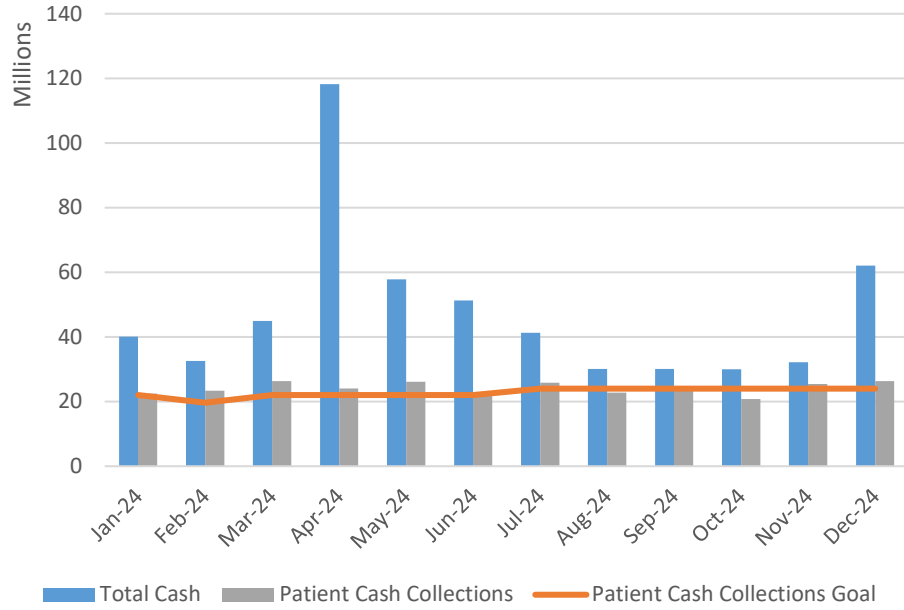


	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
<span style="color: blue;">■</span> Supply Expense per AA	\$2,910	\$3,383	\$3,803	\$3,223	\$3,327	\$3,394	\$3,284	\$3,506	\$3,152	\$3,323	\$3,342	\$3,339
<span style="color: orange;">■</span> Pharm Cost per AA	\$865	\$1,011	\$1,023	\$877	\$885	\$986	\$1,006	\$982	\$1,023	\$1,057	\$980	\$1,070
<span style="color: grey;">■</span> Net Revenue Per AA	\$15,012	\$16,073	\$15,992	\$14,649	\$14,086	\$14,898	\$14,906	\$15,102	\$14,315	\$14,556	\$14,878	\$15,768
<span style="color: yellow;">—</span> Budget Supp/AA	\$3,589	\$3,621	\$3,590	\$3,610	\$3,596	\$3,608	\$3,630	\$3,369	\$3,331	\$3,369	\$3,371	\$3,401
<span style="color: blue;">—</span> Budget Pharm/AA	\$1,211	\$999	\$1,210	\$1,210	\$1,211	\$1,210	\$1,027	\$953	\$942	\$953	\$953	\$962
<span style="color: green;">—</span> Budget Net Rev/AA	\$15,341	\$15,077	\$15,368	\$15,272	\$15,407	\$15,252	\$16,780	\$15,593	\$15,495	\$15,601	\$15,681	\$15,748

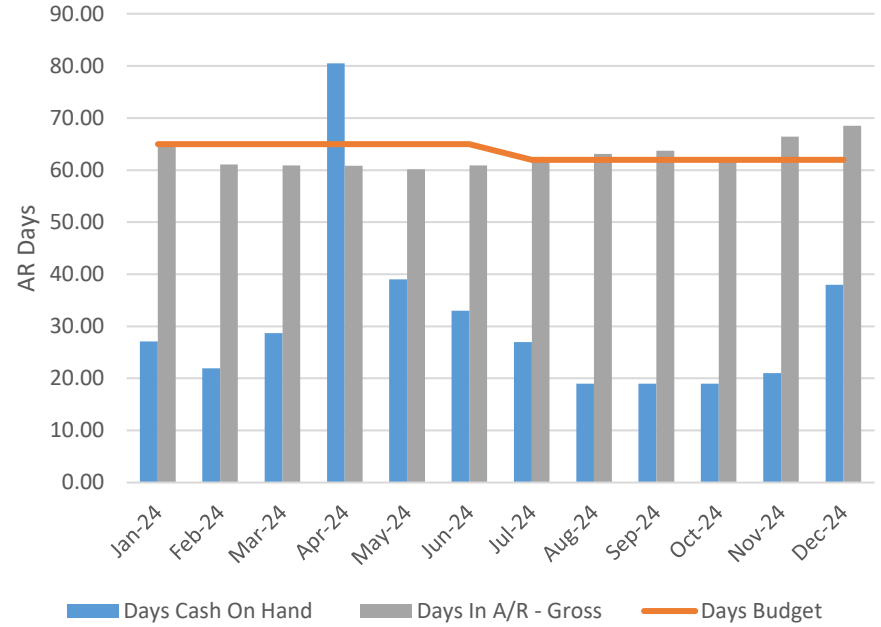
### EBIDA Rolling Year



### Cash Rolling Year



### AR Days Rolling Year



**KERN MEDICAL**  
**3-Month Trend Analysis: Revenue & Expenses**  
December 31, 2024

	OCTOBER	NOVEMBER	DECEMBER	BUDGET DECEMBER	VARIANCE POS (NEG)	PY DECEMBER
<b>Gross Patient Revenue</b>	\$ 120,646,817	\$ 109,440,063	\$ 115,064,775	\$ 111,299,185	3%	\$ 100,659,341
Contractual Deductions	(95,965,726)	(84,472,508)	(89,294,475)	(86,284,486)	3%	(77,318,127)
<b>Net Revenue</b>	24,681,091	24,967,555	25,770,300	25,014,699	3%	23,341,213
Indigent Funding	18,614,303	16,180,634	17,855,210	16,935,500	5%	13,263,046
Correctional Medicine	3,114,656	3,130,417	3,097,714	3,114,656	(1%)	2,847,714
County Contribution	285,211	285,211	574,550	290,681	98%	285,211
Incentive Funding	44,069	122,868	142,625	934,247	(85%)	0
<b>Net Patient Revenue</b>	46,739,331	44,686,684	47,440,398	46,289,782	2%	39,737,184
Other Operating Revenue	3,833,497	4,076,974	5,574,663	2,133,502	161%	1,417,361
Other Non-Operating Revenue	14,863	11,636	13,608	18,997	(28%)	12,619
<b>Total Revenue</b>	50,587,692	48,775,294	53,028,669	48,442,281	9%	41,167,164
<b>Expenses</b>						
Salaries	22,009,425	21,925,800	26,217,896	22,257,806	18%	20,416,060
Employee Benefits	9,658,770	9,028,772	9,434,091	9,303,302	1%	(1,844,316)
Registry	1,888,540	1,862,751	1,842,771	1,965,167	(6%)	2,617,740
Medical Fees	2,511,651	2,390,988	2,368,950	2,261,230	5%	2,137,776
Other Professional Fees	1,496,909	1,345,411	1,376,560	1,192,702	15%	967,283
Supplies	5,635,003	5,607,705	5,457,749	5,402,056	1%	5,042,517
Purchased Services	2,853,854	2,891,077	2,778,587	2,621,054	6%	3,485,221
Other Expenses	1,810,564	1,800,582	1,738,131	1,730,380	0%	1,870,458
Operating Expenses	47,864,715	46,853,086	51,214,735	46,733,696	10%	34,692,740
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 2,722,977	\$ 1,922,208	\$ 1,813,934	\$ 1,708,586	6%	\$ 6,474,424
EBIDA Margin	5%	4%	3%	4%	(3%)	16%
Interest	389,426	387,618	389,440	259,646	50%	258,352
Depreciation	766,807	720,181	753,057	738,089	2%	885,041
Amortization	636,078	591,194	588,661	684,113	(14%)	623,196
Total Expenses	49,657,026	48,552,079	52,945,892	48,415,545	9%	36,459,329
<b>Operating Gain (Loss)</b>	\$ 930,666	\$ 223,215	\$ 82,777	\$ 26,737	210%	\$ 4,707,835
<b>Operating Margin</b>	1.84%	0.46%	0.16%	0.06%	182.8%	11.4%

**KERN MEDICAL**  
**Year to Date Analysis: Revenue & Expenses**  
December 31, 2024

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>Gross Patient Revenue</b>	\$ 693,608,778	\$ 659,487,650	5%	\$ 624,622,994	11%
Contractual Deductions	(544,215,906)	(511,166,769)	6%	(478,984,405)	14%
<b>Net Revenue</b>	149,392,871	148,320,881	1%	145,638,590	
Indigent Funding	109,754,985	100,520,387	9%	89,300,057	23%
Correctional Medicine	18,586,282	18,486,991	1%	17,086,282	9%
County Contribution	2,000,604	1,725,331	16%	1,711,265	16.91%
Incentive Funding	467,824	5,545,206	(92%)	0	0.0%
<b>Net Patient Revenue</b>	280,202,567	274,598,795	2%	253,736,194	10%
Other Operating Revenue	19,286,825	12,663,369	52%	10,451,217	85%
Other Non-Operating Revenue	75,952	112,756	(33%)	135,041	(44%)
<b>Total Revenue</b>	299,565,345	287,374,920	4%	264,322,452	13%
<b>Expenses</b>					
Salaries	135,076,331	132,084,696	2.3%	118,178,748	14%
Employee Benefits	55,727,392	55,215,698	0.9%	39,096,533	43%
Registry	11,935,698	11,637,438	3%	14,697,698	(19%)
Medical Fees	14,010,432	13,394,996	5%	12,839,208	9%
Other Professional Fees	8,535,074	7,079,262	21%	9,731,081	(12%)
Supplies	33,265,551	31,994,549	4%	29,805,471	12%
Purchased Services	17,681,676	15,557,223	14%	15,937,719	11%
Other Expenses	11,262,469	10,270,640	10%	10,053,630	12%
Operating Expenses	287,494,624	277,234,504	4%	250,340,088	15%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 12,070,721	\$ 10,140,416	19%	\$ 13,982,364	(14%)
EBIDA Margin	4%	4%	14%	5%	(24%)
Interest	2,179,348	1,541,126	41%	1,399,996	56%
Depreciation	4,283,742	4,380,917	(2%)	4,248,655	1%
Amortization	3,724,168	4,060,543	(8%)	3,335,898	12%
Total Expenses	297,681,882	287,217,090	4%	259,324,638	15%
<b>Operating Gain (Loss)</b>	\$ 1,883,463	\$ 157,830	1,093%	\$ 4,997,814	(62%)
<b>Operating Margin</b>	0.6%	0.1%	1,044.8%	1.9%	(67%)

**KERN MEDICAL  
BALANCE SHEET**

	DECEMBER 2024	DECEMBER 2023
<b>ASSETS:</b>		
<i><b>Total Cash</b></i>	<b>\$ 62,051,103</b>	<b>\$ 35,833,364</b>
Patient Receivables Subtotal	271,660,959	240,778,367
Contractual Subtotal	(228,952,984)	(185,002,966)
<i><b>Net Patient Receivable</b></i>	<b>42,707,974</b>	<b>55,775,401</b>
Total Indigent Receivable	252,281,767	233,918,312
Total Other Receivable	15,805,554	9,600,362
Total Prepaid Expenses	5,866,669	5,491,811
Total Inventory	4,780,251	5,588,488
<i><b>Total Current Assets</b></i>	<b>383,493,318</b>	<b>346,207,737</b>
Deferred Outflows of Resources	124,532,718	112,536,013
Total Land, Equipment, Buildings and Intangibles	270,747,103	262,112,313
Total Construction in Progress	12,198,900	11,198,456
<i><b>Total Property, Plant &amp; Equipment</b></i>	<b>282,946,003</b>	<b>273,310,769</b>
Total Accumulated Depr & Amortization	(175,996,271)	(162,043,025)
<i><b>Net Property, Plant, and Equipment</b></i>	<b>106,949,732</b>	<b>111,267,744</b>
<i><b>Total Long Term Assets</b></i>	<b>124,532,718</b>	<b>112,536,013</b>
<i><b>Total Assets</b></i>	<b>\$ 614,975,768</b>	<b>\$ 570,011,494</b>

**KERN MEDICAL  
BALANCE SHEET**

	DECEMBER 2024	DECEMBER 2023
<b>LIABILITIES &amp; EQUITY:</b>		
Total Accounts Payable	\$ 14,183,525	\$ 7,185,618
Total Accrued Compensation	30,071,806	32,696,556
Total Due Government Agencies	5,096,504	3,108,657
Total Other Accrued Liabilities	65,120,188	32,380,583
<b><i>Total Current Liabilities</i></b>	<b>114,472,023</b>	<b>75,371,414</b>
Unfunded Pension Liability	344,447,058	345,399,109
Other Long-Term Liabilities	81,627,265	82,174,953
<b><i>Total Long-Term Liabilities</i></b>	<b>426,074,323</b>	<b>427,574,062</b>
<b><i>Total Liabilities</i></b>	<b>540,546,346</b>	<b>502,945,476</b>
<b><i>Total Net Position</i></b>	<b>74,429,421</b>	<b>67,066,017</b>
<b><i>Total Liabilities and Net Position</i></b>	<b>\$ 614,975,768</b>	<b>\$ 570,011,494</b>

**KERN MEDICAL  
STATEMENT OF CASH FLOWS**

	Fiscal Year-to-Date December 2024	Fiscal Year-End June 2024	Fiscal Year-to-Date December 2023	Fiscal Year-End June 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for patient/current services	\$ 155,560,927	\$ 292,533,084	\$ 143,776,234	\$ 264,388,064
Cash received for other operations	111,842,800	233,602,712	82,781,703	236,708,950
Cash paid for salaries and benefits	(186,715,229)	(339,411,493)	(154,815,842)	(202,912,375)
Cash paid for services and supplies	(81,950,258)	(186,981,598)	(93,453,359)	(292,069,170)
Net cash (used in) provided by operating activities	<u>(1,261,760)</u>	<u>(257,296)</u>	<u>(21,711,263)</u>	<u>6,115,469</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
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	<u>20,000,000</u>	<u>(641,950)</u>	<u>-</u>	<u>(1,496,195)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition or construction of capital assets	(5,112,625)	(18,896,864)	(14,348,768)	(12,141,601)
Payments on right-of-usage lease liability	(1,494,065)	3,896,089	4,972,092	(3,034,901)
Interest paid - right-of-usage lease liability	(4,359)	31,211	-	-
Payments on SBITA liability	(378,138)	(752,150)	-	(782,410)
Interest paid - SBITA	(307)	2,013	-	-
Net cash used by capital and related financing activities	<u>(6,989,494)</u>	<u>(15,719,700)</u>	<u>(9,376,676)</u>	<u>(15,958,912)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on bank deposits and investments	-	-	-	181,109
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11,748,746</b>	<b>(16,618,946)</b>	<b>(31,087,939)</b>	<b>(11,158,529)</b>
CASH AND CASH EQUIVALENTS, beginning of year	<u>50,302,358</u>	<u>66,921,303</u>	<u>66,921,303</u>	<u>78,079,832</u>
CASH AND CASH EQUIVALENTS, year-to-date	<u>\$ 62,051,103</u>	<u>\$ 50,302,358</u>	<u>\$ 35,833,364</u>	<u>\$ 66,921,303</u>





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

February 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 SPECIAL MEETING**

February 18, 2025

**Subject:** Monthly report on What's Happening at Kern Medical Center

**Recommended Action:** Receive and File

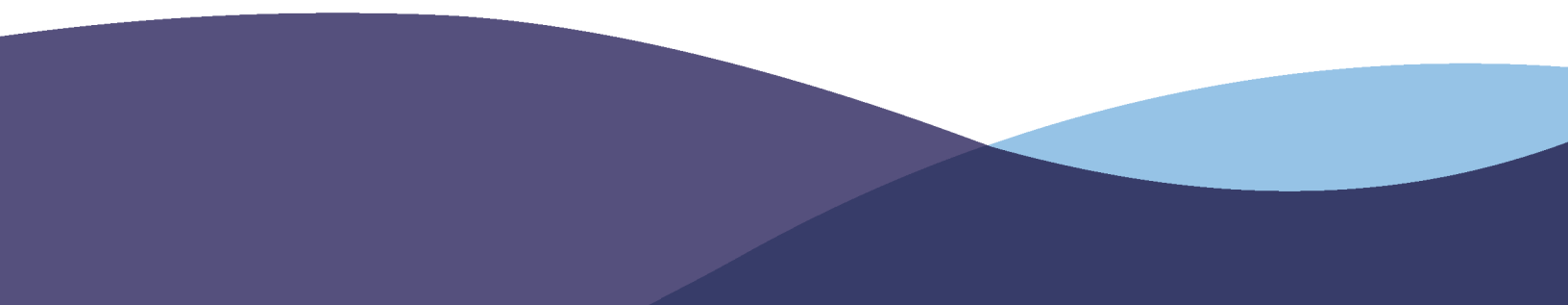
**Summary:**

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 is excited to resume its Doc for a Day program! This program invites two to three community stakeholders to experience a day in the life of a physician at Kern Medical. Participants shadow our physicians and staff from seeing lectures for residents in training, follow the residents on their rounds, and visiting several hospital departments. We were proud to host California State University Bakersfield (CSUB) President Vernon Harper as well as two CSUB professors Erika Harper and Ashleigh Herrera.

# Human Trafficking Task Force Press Conference



A key part of Kern Medical's mission includes caring for the most vulnerable, especially when they may be at their most critical points in their life. Kern Medical initiated its Human Trafficking task force dedicated to identifying and supporting patients who may be victims of trafficking by using innovative screening tools to provide care and protection. In honor of January being officially recognized as Human Trafficking Awareness Month in Kern County, a media event was held that featured Odessa Perkins who shared her powerful story highlighting the importance of these processes to help those who are unable or too afraid to seek help.

# Kern Medical Blood Drive

**HOUCHIN**   
COMMUNITY BLOOD BANK

*blood drive*



**FEBRUARY  
RESULTS**



 KernMedical

**2** **FIRST-TIME  
DONORS**

**18** **UNITS  
COLLECTED**

**54** **LIVES  
SAVED!**

*Next blood drive: April 2025*

## NEW PODCAST

Search “Kern Medical - Health for Life”



*Now available on major streaming platforms*

To Listen, Scan the QR Codes:



Apple



Spotify

# Physician Mixer



Kern Medical hosted a community Continuing Medical Education (CME) event and physician mixer at Luigi's on February 5th for physicians practicing in Kern County. The CME topic was behavioral health and primary care.



# National Recognitions - February

- Age-Related Macular Degeneration / Low Vision Awareness Month
- American Heart Month
- Cancer Prevention Month
- Cholangiocarcinoma Awareness Month
- Gallbladder and Bile Duct Cancer Awareness Month
- Kids ENT Health Month
- Marfan Syndrome Awareness Month
- Prenatal Infection Prevention Month (International)
- Teen Dating Violence Awareness Month
- Turner Syndrome Awareness Month
- Feb. 2-8 – Burn Awareness Week
- Feb. 3-9 – Perianesthesia Nurse Awareness Week
- Feb. 7-13 – African Heritage and Health Week
- Feb. 7-14 – Congenital Heart Defect Awareness Week
- Feb. 9-15 – Cardiovascular Professionals Week, Cardiac Rehabilitation Week (National), Heart Failure Awareness Week
- Feb. 10-14 – Phlebotomists Recognition Week
- Feb. 24-March 2 – Eating Disorder Awareness Week (National)

# Did You Know - Human Trafficking Task Force

- In early 2024, Kern Medical established a Human Trafficking Taskforce to develop a comprehensive approach to combating this crisis in Kern County.
- This January, National Human Trafficking Awareness Month, Kern Medical is launching an organization-wide initiative to identify, protect, and support trafficking victims—whether they are patients, visitors, or seeking care at any of our facilities.
- Human trafficking affects millions worldwide, including right here in Bakersfield. Victims often face language barriers, fear of traffickers, and distrust of law enforcement, making it a hidden crime. Many don't recognize themselves as victims or seek help, even in public spaces like hospitals.
- Effective January 21, 2025, all patients in our Emergency Department, Labor & Delivery, and outpatient clinics will be screened for key indicators of trafficking. Additionally, all clinical and non-clinical staff will receive training to recognize these signs—an essential step in identifying and supporting victims within our organization.





Kern Medical Surgery Center, LLC  
9300 Stockdale Hwy., Suite 200  
Bakersfield, CA 93311  
661-964-2470

**BOARD OF MANAGERS  
SPECIAL MEETING  
KERN MEDICAL SURGERY CENTER, LLC**

February 18, 2025

**Subject:** Administrative Report for Two-Months Ended December 31, 2024

**Recommended Action:** Receive and File

**Summary:**

**Kern Medical Surgery Center Operations**

**Key Performance Indicators:**

- November resulted in an operating loss of \$16,537; \$35,868 favorable to a budgeted loss of \$52,405.
- November volume of 222 surgeries is breakeven to November budget of 222
- December resulted in an operating loss of \$82,644; \$31,737 unfavorable to plan.
- Total surgeries were 223 for December; 6 below the December budget of 229

**The following items have budget variances for the months of November and December 2024:**

**Patient Revenue:**

For November, gross patient revenue was 8% favorable to budget for the month, with the budget at \$1,573,972 and the actual gross patient revenue at \$1,699,678. November net revenue of \$455,040 is \$30,068 greater than the November budgeted net revenue of \$424,972.

For December, gross patient revenue had a 5% unfavorable budget variance with actual gross of \$1,591,698 compared to the budget of \$1,626,438. December net revenue of \$454,711 is \$15,573 greater than the budget of \$439,138.

On a fiscal year-to-date basis, gross patient revenue of \$10,579,793 is 14% higher than the budget of \$9,653,696.

**Supplies Expense:** November supplies of \$167,507 were under the budgeted amount of \$168,048. December supplies were \$8,247 over budget due to restock of orthopedic implants and disposables.

**Salary and Benefit Expense:**

Salary expenses for November were \$169,102. This was \$16,076 over the budgeted amount of \$153,026. December salary expenses were \$176,945, which was \$18,818 over the December budget of \$158,127 due to orienting new staff. Benefit expenses for November were \$20,032, which was \$18,224 below the budget of \$38,256. The benefit expenses for December were \$21,722, which was \$17,810 below the budget of \$39,532.

**Purchased Services:**

November purchased services in the amount of \$84,796 were under budget by \$4,964. December purchased services of \$126,292 were over budget by \$35,843 due to late invoices by the anesthesia group.

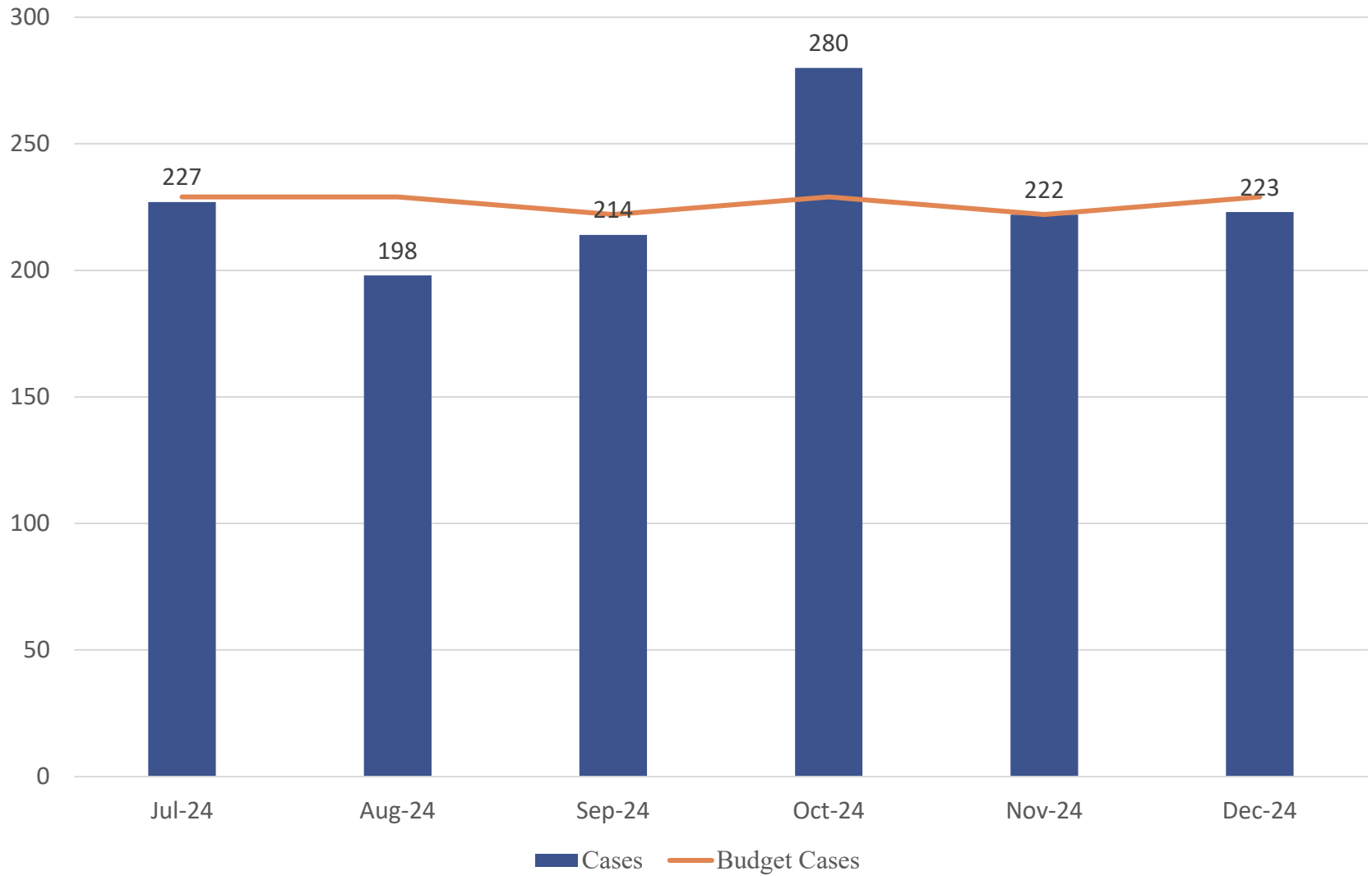
**Initiatives for Marketing and Growth:**

The Surgery Center partnered with Kern Family Health in a community coat drive. Our banner was displayed at a community event where Kern Family Health distributed more than 50 coats donated by the Surgery Center staff.

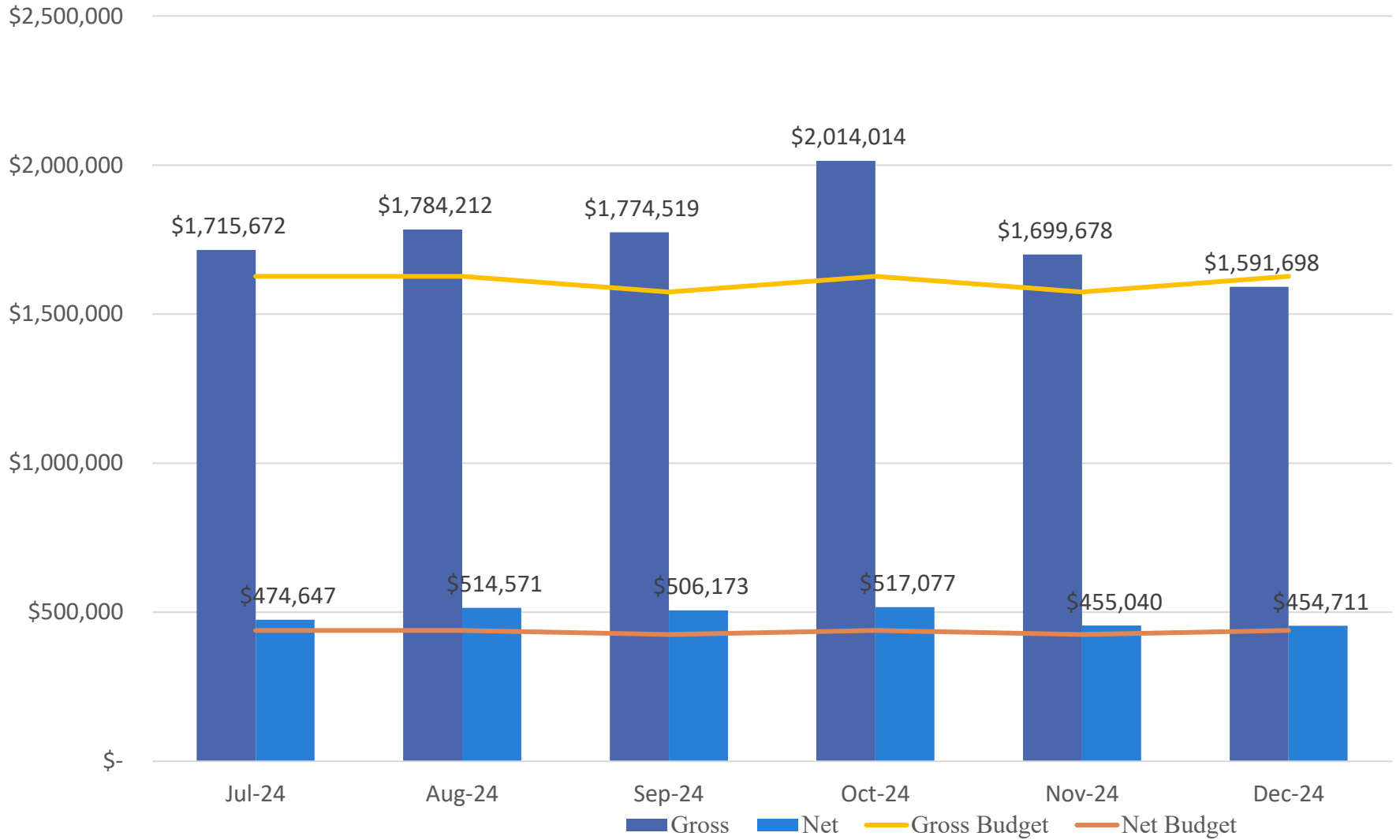


**BOARD OF MANAGERS' REPORT  
NOVEMBER 2024 – DECEMBER 2024**

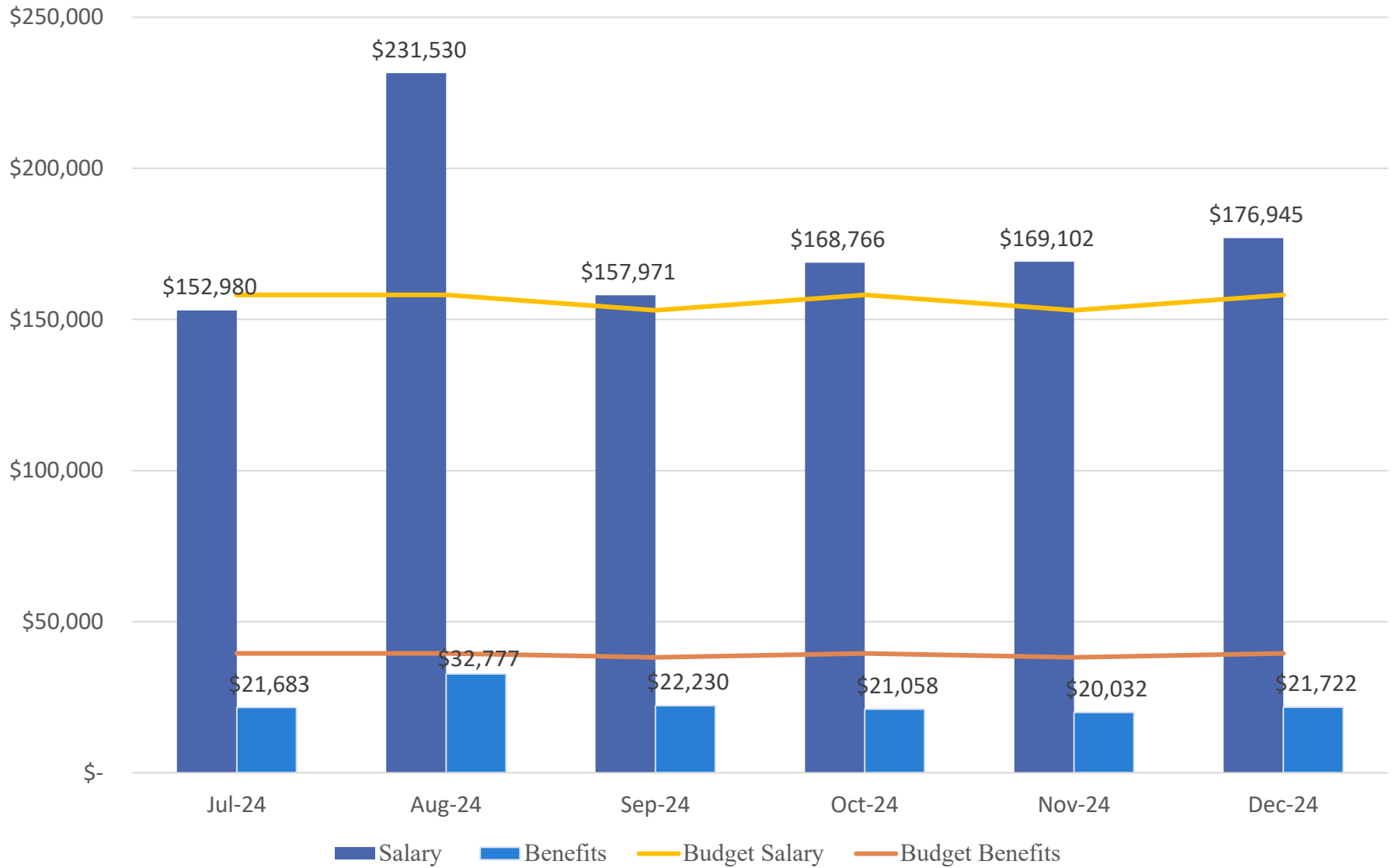
# Case Volume



# Total Revenue

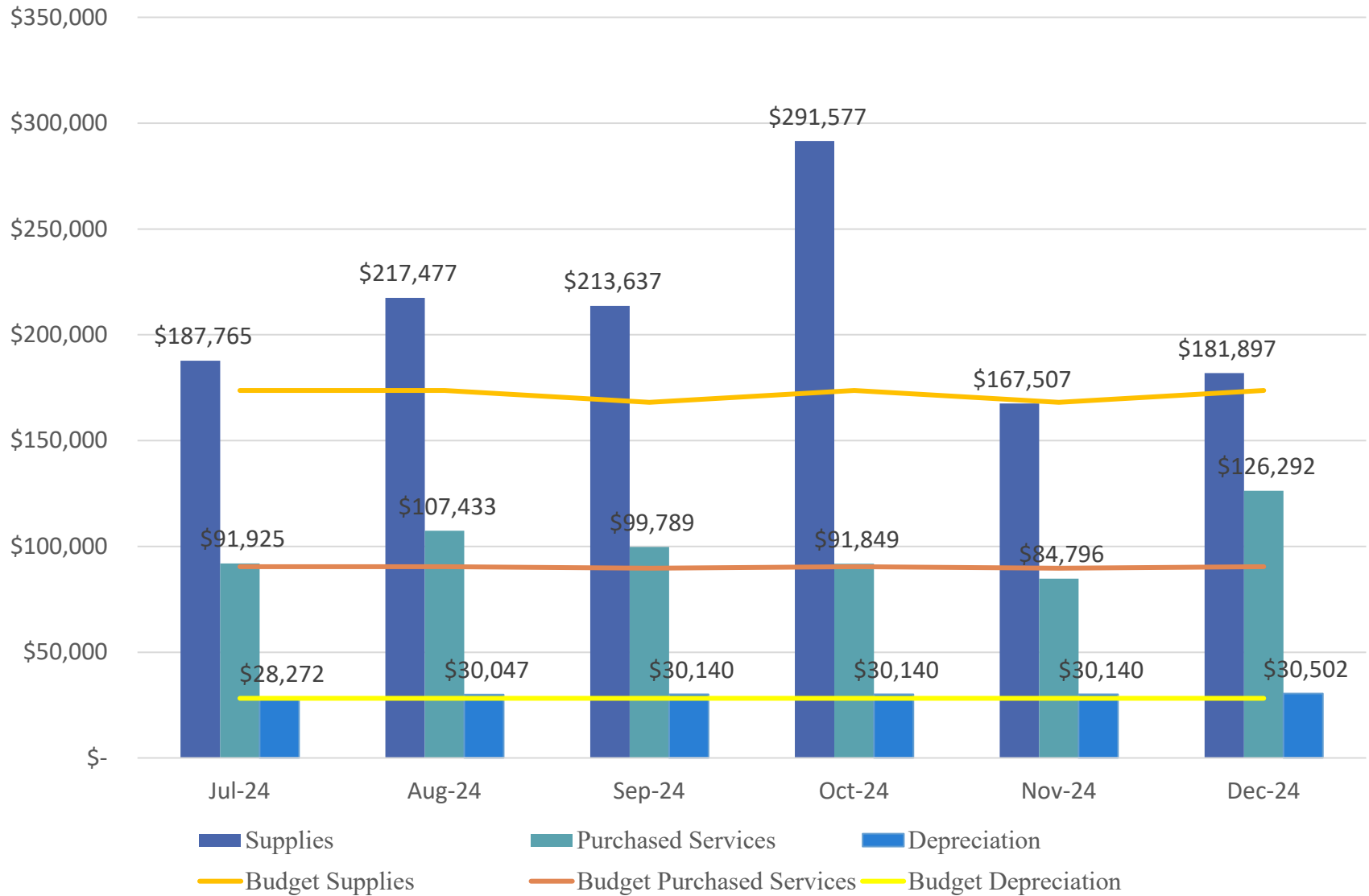


# Expenses

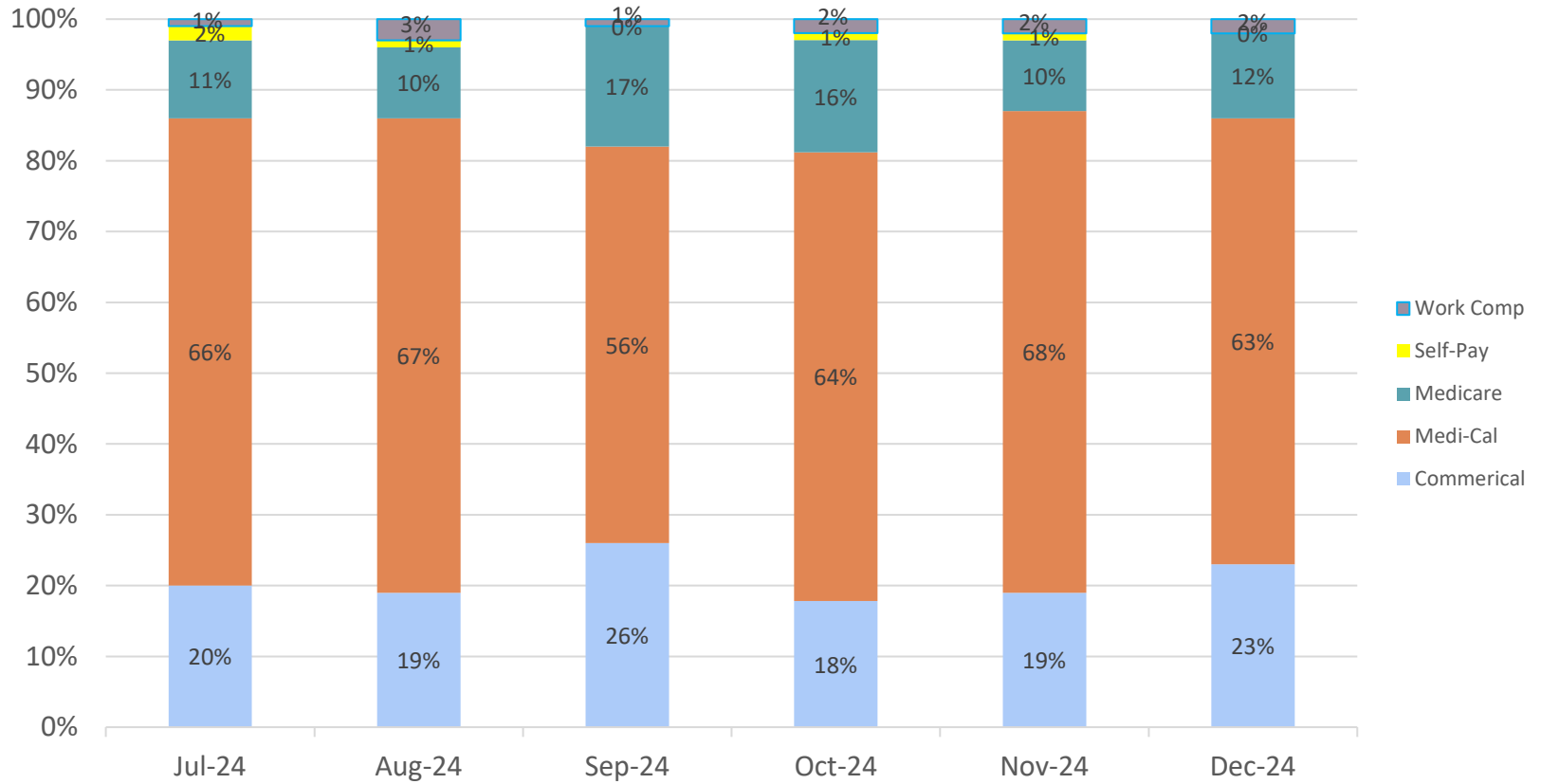




# Expenses



# PAYER MIX



**Kern Medical Surgery Center, LLC.  
Profit and Loss**

	<b>Nov-24</b>	<b>Dec-24</b>	<b>Budget Dec-24</b>	<b>Variance</b>
<b>Gross Revenue</b>	<b>\$1,699,678</b>	<b>\$ 1,591,698</b>	<b>\$ 1,626,438</b>	<b>\$ 34,740</b>
<b>Net Revenue</b>	<b>455,040</b>	<b>454,711</b>	<b>439,138</b>	<b>15,573</b>
<b>Salaries</b>	169,102	176,945	158,127	<b>(18,818)</b>
<b>Benefits</b>	20,032	21,722	39,532	<b>17,810</b>
<b>Supplies</b>	167,507	181,897	173,650	<b>(8,247)</b>
<b>Purchased Services</b>	84,796	126,292	90,449	<b>(35,843)</b>
<b>Depreciation</b>	30,140	30,502	28,287	<b>(2,215)</b>
<b>Total Expenses</b>	<b>471,577</b>	<b>537,355</b>	<b>490,045</b>	<b>(47,310)</b>
<b>Net Operating Gain (Loss)</b>	<b>\$ (16,537)</b>	<b>\$ (82,644)</b>	<b>\$ (50,907)</b>	<b>(31,737)</b>

**Kern Medical Surgery Center, LLC.  
Profit and Loss  
Fiscal Year to Date**

	<b>Actual FYTD</b>	<b>Budget FTYD</b>
<b>Gross Revenue</b>	\$ 10,579,793	\$ 9,653,696
<b>Net Revenue</b>	2,922,219	2,606,496
<b>Salaries</b>	1,057,294	938,560
<b>Benefits</b>	139,502	234,640
<b>Supplies</b>	1,259,836	1,030,696
<b>Purchased Services</b>	602,084	541,316
<b>Depreciation</b>	179,241	169,722
<b>Total Expenses</b>	\$ 3,237,957	\$ 2,914,934
<b>Net Operating Gain (Loss)</b>	\$ ( 315,738)	\$ (308,438)

**Balance Sheet**  
**As of December 31, 2024**

	<u>Nov -24</u>	<u>Dec -24</u>
<b>ASSETS</b>		
<b>Total Cash on Hand</b>	<b>\$ 97,566</b>	<b>\$ 303,417</b>
<b>Gross Patient Receivables</b>	<b>1,956,278</b>	<b>1,772,724</b>
<b>Contractual Reserve</b>	<b>(1,388,957)</b>	<b>(1,214,242)</b>
<b>Net Patient Receivables</b>	<b>567,321</b>	<b>558,483</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>
<b>Total Accounts Receivable</b>	<b>581,048</b>	<b>562,667</b>
<b>Total Other Current Assets</b>	<b>1,434</b>	<b>4,078</b>
<b>Total Current Assets</b>	<b>680,048</b>	<b>870,162</b>
<b>Total Fixed Assets</b>	<b>718,444</b>	<b>731,321</b>
<b>TOTAL ASSETS</b>	<b><u>1,398,492</u></b>	<b><u>1,601,482</u></b>
<b>Liabilities and Equity</b>		
<b>Total Accounts Payable</b>	<b>2,718,826</b>	<b>3,004,460</b>
<b>TOTAL LIABILITIES</b>	<b><u>2,864,232</u></b>	<b><u>3,149,866</u></b>
<b>Total Equity</b>	<b>(1,465,740)</b>	<b>(1,548,384)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 1,398,492</u></b>	<b><u>\$ 1,601,482</u></b>



**BOARD OF MANAGERS  
SPECIAL MEETING  
KERN MEDICAL SURGERY CENTER, LLC**

February 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  
FEBRUARY 18, 2025**

**Initial Appointments: The following practitioner(s) are recommended for initial appointment and clinical privileges as delineated by the respective department chair:**

*Andrew Attia, Podiatric Medical Resident, Podiatry*

**APP Initial Appointments:**

*Jessie Rellosa, CRNA*

**Reappointments: The following practitioner(s) are recommended for reappointment and clinical privileges as delineated by the respective department chair:**

*Yufan B Chen, MD, Urology  
Matthew Malerich, MD, Hand Surgery  
Ramon S Snyder, MD, General Surgery  
Tung T Trang, MD, ENT  
Jack C Hou, MD, Urology*

**APP Reappointments:**

*Gabriel Garton, CRNA*



Kern Medical Surgery Center, LLC  
9300 Stockdale Hwy., Suite 200  
Bakersfield, CA 93311  
661-964-2470

**BOARD OF MANAGERS  
SPECIAL MEETING  
KERN MEDICAL SURGERY CENTER, LLC**

February 18, 2025

**Subject:** Proposed Agreement and Engagement Letter with Moss-Adams, LLP, an independent contractor

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

**Summary:**

Kern Medical requests your Board approve an Agreement and Engagement Letter with Moss Adams LLP, an independent contractor for financial auditing services for the fiscal year ended June 30, 2024.

The primary purpose of an external financial audit is to conduct an audit sufficient to express an opinion as to whether the Kern Medical Surgery Center'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 surgery center's internal control for the purpose of identifying areas of weakness or noncompliance.

The agreement is for a term of one year from February 18, 2025 through March 31, 2026, in an amount not to exceed \$54,000.

Therefore, it is recommended that your Board approve the Agreement and Engagement Letter with Moss Adams LLP, for financial auditing services for the fiscal year ended June 30, 2024, and authorize the Chairman to sign.



**AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern Medical Surgery Center, LLC – Moss Adams LLP)**

This Agreement is made and entered into this 18th day of February 2025, between the Kern Medical Surgery Center, LLC (“KMSC”), and Moss Adams LLP, a Washington limited liability partnership (“Contractor”), with its national office located at 999 Third Avenue, Suite 2800, Seattle, Washington 98104.

**I.  
RECITALS**

(a) KMSC, through its duly appointed officers, is authorized, pursuant to the Operating Agreement of Kern Medical Surgery Center, LLC, a California Limited Liability Company, dated and effective as of August 18, 2016, to execute any and all instruments and other documents in the name and on behalf of the KMSC; and

(b) KMSC requires the assistance of Contractor to provide external auditing services to the KMSC, as such services are unavailable from KMSC resources, and Contractor, by reason of its qualifications and experience for doing the type of work herein contemplated, agrees to provide such services on the terms and conditions set forth in this Agreement; and

(c) KMSC is now contracting with Contractor as an independent contractor for the provision of external financial statement auditing services for the fiscal year ended June 30, 2024;

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

**II.  
TERMS AND CONDITIONS**

1. **Term.** The term of this Agreement shall commence February 18, 2025 (the “Effective Date”), and shall end March 31, 2026, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

2. **Obligations of Contractor.**

2.1 **Specified Services.** Contractor shall perform the services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference. Such services may be changed from time to time by agreement of the parties in accordance with the provisions of this Agreement. Each audit shall be documented in an engagement agreement (collectively, “Engagement Agreement”), which Engagement Agreement shall incorporate and be governed by the terms of this Agreement and attached as an exhibit to Exhibit “A” (starting with Exhibit “A-1,” followed by Exhibit “A-2” and “A-3” in subsequent audit years).

2.2 Representations. Contractor makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement: (i) Contractor has the expertise and support staff necessary to provide the services described in this Agreement; and (ii) Contractor does not have any actual or potential interests adverse to the KMSC nor does Contractor represent a person or firm with an interest adverse to the KMSC with reference to the subject of this Agreement; and (iii) Contractor shall diligently provide all required services in a timely and professional manner in accordance with the terms and conditions set forth in this Agreement.

2.3 Standard of Care. KMSC has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees that all of its work will be performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by the KMSC shall not operate as a waiver or release.

2.4 Performance Standard. Contractor shall perform all services hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor's profession. If KMSC determines that any of Contractor's work is not in accordance with such level of competency and standard of care, KMSC, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with KMSC to review the quality of the work and resolve matters of concern; (b) terminate this Agreement pursuant to the provisions of section 35; or (c) pursue any and all other remedies at law or in equity.

2.5 Assigned Personnel. Contractor shall assign only competent personnel to perform the Services hereunder. In the event that at any time KMSC, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform the Services hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from KMSC.

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

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

3. **Obligations of KMSC.**

3.1 **KMSC Designee.** KMSC will designate a primary contact, who will arrange for KMSC staff assistance as may be required.

4. **Payment for Services.**

4.1 **Fees and Charges.** As consideration for the services provided by Contractor hereunder, KMSC will pay Contractor in accordance with the fee schedule set forth in Exhibit "B," attached hereto and incorporated herein by this reference. All services are payable in arrears.

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 KMSC in an amount not to exceed \$1,500.00. 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 30 days of receipt and approval of each invoice by KMSC.

4.3 **Invoices.** Invoices for payment shall be submitted in a form approved by KMSC and list each service performed. Invoices and receipts shall be sent to KMSC for review and processing within 60 days of the date of service or payment will not be made. Payment shall be made to Contractor within 30 days of receipt and approval of each invoice by KMSC.

4.4 **Maximum Payable.** The maximum payable under this Agreement will not exceed \$54,000 over term of this Agreement unless separately agreed to by KMSC and Contractor in writing and signed by both parties through a formal written amendment to this Agreement. The maximum payable includes the following: estimated fees of \$50,000, a 5% administrative and technology fee not to exceed \$2,500, and reimbursement of travel-related expenses not to exceed \$1,500.

4.5 **Taxpayer Identification.** To ensure compensation is reported as paid to the proper party, Contractor will complete and execute IRS Form W-9 (Exhibit "C," attached hereto and incorporated herein by this reference), which identifies the taxpayer identification number for Contractor.

5. **Access to Books and Records.** Until the expiration of four (4) years after the expiration or termination of this Agreement, KMSC and Contractor shall make available, upon written request of the Secretary of the United States Secretary of Health and Human Services ("Secretary") or the Comptroller General of the United States General Accounting Office

("Comptroller General"), or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records of either party as are necessary to certify the nature and extent of costs of the services Contractor provided under this Agreement. Contractor further agrees that if it carries out any of its duties under this Agreement through a subcontract with a value or cost of \$10,000 or more over a 12-month period with a related organization, that such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

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

7. **Audits, Inspection and Retention of Records.** Contractor shall make available, upon written request from KMSC, the Secretary of Health and Human Services, the Comptroller General of the United States, or any other duly authorized agent or representative, this Agreement, and Contractor's books, documents and records. Contractor shall preserve and make available such books, documents and records for a period of seven (7) years after the termination or expiration of this Agreement. If Contractor is requested to disclose books, documents or records pursuant to this section for any purpose, Contractor shall notify KMSC of the nature and scope of the request, and Contractor shall make available, upon written request of KMSC, all such books, documents or records. Notwithstanding the foregoing, or anything to the contrary in this Agreement, KMSC shall not have access to audit work papers, in order to protect the integrity of the audit. If there is a question regarding any recommended audit adjustments, work papers may be made available to KMSC in support of conclusions made by Contractor.

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

9. **Captions.** The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

10. **Change in Law.** In the event that a change in state or federal law or regulatory requirement (or the application thereof), any of which renders this Agreement illegal, impossible to perform, or commercially impracticable, the parties agree to negotiate immediately, in good faith, any necessary or appropriate amendments(s) to the terms of this Agreement. If the parties fail to reach a mutually agreeable amendment within 30 days of such negotiation period, this Agreement shall automatically terminate at the end of such 30-day period.

11. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the state of California. It is expressly acknowledged that this Agreement has been entered into and will be performed within the County of Kern. Should any suit or action be commenced to enforce or interpret the terms of this Agreement or

any claim arising under it, it is expressly agreed that proper venue shall be in County of Kern, state of California.

12. **Compliance with Law.** Contractor shall observe and comply with all applicable County, 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.**

13.1 **Use and Disclosure Restrictions.** Neither party shall, without the written consent of the other, communicate confidential information of the other, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that the receiving party would protect its own confidential information. The foregoing obligations will not restrict either party from disclosing confidential information of the other party: (i) pursuant to applicable law; (ii) pursuant to the order or requirement of a court, administrative agency, or other governmental body, on condition that the party required to make such a disclosure gives reasonable written notice to the other party to contest such order or requirement; and (iii) on a confidential basis to its employees, contractors, services providers, and legal or financial advisors.

13.2 **Trade Secrets.** The parties acknowledges that each party, in connection with its business, has developed certain operating manuals, symbols, trademarks, trade names, service marks, designs, patient lists, procedures, processes, and other copyrighted, patented, trademarked, or legally protectable information which is confidential and proprietary to the party that constitute its trade secrets. The parties shall not use any name, symbol, mark, or other proprietary information of the other party except as expressly permitted.

13.3 **Medical Records.** If applicable, the parties agree to maintain the confidentiality of all medical records pertaining to the provision of services under this Agreement in accordance with applicable federal and state laws and regulations including, but not limited to, the California Confidentiality of Medical Records Information Act, codified at section 56.1 of the California Civil Code, California Evidence Code sections 1156 and 1157, and the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations.

13.4 **Protected Health Information.** Contractor and KMSC recognize that in performing services, Contractor may receive, create or otherwise have access to protected health information (“PHI”) and thereby become a business associate of KMSC (as defined by the privacy, security, breach notification, and enforcement rules at 45 C.F.R. Part 160 and Part 164). Accordingly, the parties shall protect PHI in accordance with the HIPAA Business Associate Addendum, attached as Exhibit “D” and incorporated herein by this reference. In the event of a conflict between Exhibit “D” and any other confidentiality provision of this Agreement, Exhibit “D” shall control.

13.5 **Ownership of Records.** All final audit reports and other complete deliverables prepared by Contractor or Contractor’s assigned personnel during and in connection with this Agreement and provided to KMSC, excluding any Contractor Material (defined below)

contained or embodied therein (hereafter, "Deliverables"), shall be the property of KMSC at all times. Upon the expiration or termination of this Agreement, Contractor shall promptly deliver to KMSC all such Deliverables, which have not already been provided to KMSC in such form or format as the parties mutually agree. Such Deliverables shall be and will remain the property of KMSC, subject to any restriction or limitation set forth in the Engagement Agreement. In addition, KMSC may not alter or modify the audit report or any other Deliverable issued in Contractor's name. Contractor may retain copies of the above described Deliverables but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of KMSC. Contractor shall own its workpapers and general accounting-related skills, know-how, expertise, ideas, concepts, methods, techniques, processes, software, materials or other intellectual property which may have been discovered, created, received, developed or derived by Contractor either prior to or as a result of providing services under the Agreement (collectively, "Contractor Materials"). KMSC shall have a non-exclusive, non-transferable license to use Contractor Materials for its own internal use and for the purposes for which they are delivered to the extent they form part of a Deliverable. Notwithstanding anything to the contrary in this Agreement, Contractor and its personnel are free to use and employ their general skills, know how, and expertise, and to use, disclose, and employ any generalized ideas, concepts, know-how, methods, techniques, or skills gained or learned during the course of this Agreement so long as they acquire and apply such information without any unauthorized use or disclosure of confidential or proprietary information of KMSC.

14. **Conflict of Interest.** Contractor covenants that it has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, KMSC may immediately terminate this Agreement by giving written notice thereof.

15. **Consent.** Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

16. **Construction.** To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and KMSC acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and KMSC acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

17. **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.

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

19. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to KMSC 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.

20. **Immigration Compliance.** Contractor shall comply with all provisions of immigration law with respect to hiring, recruiting or referring for employment persons whose authorization for employment in the United States has been verified, and shall provide KMSC with confirmation of such verification required in 8 USCA section 1324a, if requested by KMSC. Without limiting the generality of the indemnification in section 21, Contractor agrees to indemnify, defend, and hold harmless KMSC, its agents, officers, and employees, from any liability, damages, or causes of action arising out of Contractor’s failure to comply with this section.

21. **Indemnification and Hold Harmless.** Contractor agrees to indemnify, defend and hold harmless KMSC and KMSC’s agents, board members, appointed officials and officers, directors, managers, employees, volunteers and authorized representatives from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs, and expenses (including, but not limited to, reasonable attorneys’ fees of counsel retained by KMSC, expert fees, costs of staff time, and investigation costs) of whatever kind or nature, which arise out of or are in any way connected with personal injury (including death) or damage to real or tangible personal property, to the extent caused by any act or omission of Contractor or Contractor’s officers, agents, employees, independent contractors, subcontractors of any tier, or authorized representatives. Without limiting the generality of the foregoing, the same shall include bodily and personal injury or death to any person or persons; damage to any property, regardless of where located, including the property of KMSC; and any workers’ compensation

claim or suit arising from or connected with any services performed pursuant to this Agreement on behalf of Contractor by any person or entity.

In addition, Contractor agrees to indemnify, defend and hold harmless KMSC and KMSC's agents, board members, appointed officials and officers, directors, managers, employees, volunteers and authorized representatives from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs, and expenses (including, but not limited to, reasonable attorneys' fees of counsel retained by KMSC, expert fees, costs of staff time, and investigation costs) of whatever kind or nature, to the extent arising out of or caused by a breach of confidentiality by Contractor or Contractor's officers, agents, employees, independent contractors, subcontractors of any tier, or authorized representatives.

As a condition to the foregoing indemnity obligations, KMSC shall provide Contractor with prompt notice of any claim for which indemnification shall be sought hereunder and shall cooperate in all reasonable respects with Contractor in connection with any such claim. Contractor shall be entitled to control the handling of any such claim and to defend any such claim, in its sole discretion, with counsel of its own choosing.

22. **Limitation of Liability.** CONTRACTOR'S TOTAL LIABILITY FOR ANY AND ALL DAMAGES WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO A BREACH OF CONFIDENTIALITY SHALL NOT, IN THE AGGREGATE, EXCEED FIVE HUNDRED THOUSAND DOLLARS (\$500,000). IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

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

24. **Insurance.** With respect to performance of work under this Agreement, Contractor shall maintain and shall require its subcontractors, consultants, and other agents providing services to KMSC under this Agreement to maintain, insurance as described in Exhibit "E," attached hereto and incorporated herein by this reference.

25. **Liability of KMSC.** The liabilities or obligations of KMSC with respect to its activities



pursuant to this Agreement shall be the liabilities or obligations solely of KMSC and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California. (Health & Saf. Code, § 101853, subd. (g).)

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

27. **No Third Party Beneficiaries.** It is expressly understood and agreed that the enforcement of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to KMSC and Contractor. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of KMSC and Contractor that any such person or entity, other than KMSC or Contractor, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

28. **Non-appropriation.** KMSC 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, KMSC will be released from any further financial obligation to Contractor, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Contractor will be given 30 days' prior written notice in the event that KMSC requires such an action.

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

30. **Nondiscrimination.** Neither Contractor, nor any officer, agent, employee, servant or subcontractor of Contractor shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, ancestry, national origin, religion, sex, actual or perceived sexual orientation, marital status, age, pregnancy, medical condition, handicap or other prohibited basis, either directly, indirectly or through contractual or other arrangements.

31. **Non-solicitation.** During the term of this Agreement and for a period of one (1) year thereafter, neither party nor any of their affiliates shall, without the prior written approval of the other employ, retain, offer employment to or offer retention of any person who is or was employed by or under contract with the non-soliciting party during the term of this Agreement. The foregoing will not prevent a party from employing any such person who (i) ceases to be employed by the other party prior to any direct solicitation by or encouragement or (ii) responds to a general employment advertisement or other general solicitation or recruitment effort not specifically aimed at employees of the other party. Notwithstanding the foregoing, any offer of employment to members of the audit team prior to issuance of Contractor's report may impair independence, and may result in Contractor's inability to complete the engagement and issue a report.

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

33. **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 Contractor: Moss Adams LLP  
2040 Main Street, Suite 900  
Irvine, CA 92614  
Attn.: Stacy Stelzriede, CPA, Partner

With a copy to:  
Moss Adams LLP  
999 Third Avenue, Suite 2800  
Seattle, WA 98104  
Attn: General Counsel

Notice to KMSC: Kern Medical Surgery Center, LLC  
9300 Stockdale Highway, Suite 200  
Bakersfield, California 93309  
Attn.: Chief Executive Officer

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

35. **Sole Agreement.** This Agreement, including all attachments hereto, 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.

36. **Termination.**

36.1 **Termination with Cause.** Either party may terminate this Agreement in the event of a material breach by the other; provided, however, the termination for the breach of this Agreement will not become effective unless and until the party not in default, has given the other party written notice of breach, which notice shall state the general nature of the breach, and the party allegedly in default will thereafter have a period of 30 days following the giving of said

notice in which to remedy the default to the reasonable satisfaction of the other party. If the alleged default is of the kind that cannot be cured within 30 days, then the party allegedly in default will have an additional 30 days in which to remedy the breach as long as such party is acting in good faith and using diligent efforts to remedy such breach throughout the cure period.

36.2 Termination without Cause. Either party may terminate this Agreement, without cause, upon 30 days' prior written notice to the other party.

36.3 Immediate Termination. Notwithstanding the foregoing, KMSC shall have the right to terminate this Agreement effective immediately after giving written notice to Contractor, for any of the following reasons: (i) KMSC determines that Contractor does not have the proper credentials, experience or skill to perform the required services under this Agreement; (ii) continuation by Contractor in the providing of services may result in civil, criminal, or monetary penalties against KMSC; (iii) the violation of any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which KMSC is subject; (iv) an unauthorized use or disclosure of confidential or proprietary information by Contractor which causes material harm to KMSC; (v) commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty by Contractor against KMSC; (vi) the loss or threatened loss of KMSC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal, due to the actions of Contractor; or (vii) the failure of Contractor to cure a default within the time allowed in section 35.1.

37. **Effect of Termination.**

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

37.2 Vacate Premises. Upon expiration or earlier termination of this Agreement, Contractor shall immediately vacate KMSC, removing at such time any and all personal property of Contractor. KMSC may remove and store, at Contractor's expense, any personal property that Contractor has not so removed.

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

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

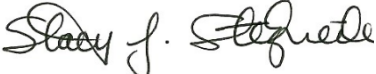
[Signatures follow on next page]

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

KERN MEDICAL SURGERY CENTER,  
LLC

MOSS ADAMS LLP

By \_\_\_\_\_  
Chairman  
Board of Managers

By   
\_\_\_\_\_  
Stacy J. Stelzriede  
Partner

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

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

**EXHIBIT “A”**  
**DESCRIPTION OF SERVICES**

The primary purpose of the financial audit will be to conduct an audit sufficient to express an opinion as to whether the KMSC 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 Report on the financial statements must state the scope of the audit and that the audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

The audit will include an evaluation and report of the KMSC’s internal control for the purpose of identifying areas of weakness or noncompliance. The purpose of this report is to: 1) report any significant deficiencies (including material weaknesses) which are identified as a result of performing an audit of the financial statements; and 2) report occurrences of noncompliance with provisions of laws, regulations, contracts and grants, which could have a direct and material effect on the required financial statements.

**Standards of field work**

During the period of time leading up to the year-end audit procedures, the designated Moss Adams LLP representative shall meet regularly with the KMSC Finance Team and KMSC’s Chief Financial Officer.

A draft copy of the reports should be delivered to KMSC’s Chief Financial Officer. The Chief Financial Officer will address potential findings identified in the Schedule of findings and provide clarifications or responses to the findings. Final draft reports should be submitted to the Chief Financial Officer within six (6) months after the fiscal year end.

Contractor shall submit the following reports to KMSC:

1. Client Assistance Schedule;
2. Draft Independent Auditor’s Report, report of Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performance in accordance with Government Auditing Standards; and
3. Final Report on the financial statements to those charged with governance of KMSC.

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**EXHIBIT “B”  
FEE SCHEDULE**

AUDIT YEAR	FEES
Fiscal year ended June 30, 2024	\$44,000-50,000

Contractor shall issue invoices based on the timeframe set forth in the Engagement Agreement or, if none, on a monthly basis.

KMSC 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 KMSC 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 KMSC of such changes and the impact on fees.

**EXHIBIT “C”**

**IRS FORM W-9**

**EXHIBIT “D”  
BUSINESS ASSOCIATE AGREEMENT**

This Business Associate Agreement (“**BAA**”) is entered into by and between the Kern Medical Surgery Center, LLC (“**Covered Entity**”) and Moss Adams LLP (“**Business Associate**”) (each a “**Party**” and collectively the “**Parties**”), effective as of the effective date of the underlying agreement (“**Effective Date**”).

**RECITALS**

**WHEREAS**, Covered Entity is a “Covered Entity” as that term is defined under the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-91), as amended, (“**HIPAA**”), and the regulations promulgated thereunder by the Secretary of the U.S. Department of Health and Human Services (“**Secretary**”), including, without limitation, the regulations codified at 45 C.F.R. Parts 160, 162, and 164 (“**HIPAA Rules**”);

**WHEREAS**, Business Associate performs Services for or on behalf of Covered Entity, and in performing said Services, Business Associate may create, receive, maintain, or transmit Protected Health Information (“**PHI**”);

**WHEREAS**, the Parties intend to protect the privacy and provide for the security of PHI Disclosed by Covered Entity to Business Associate, or received or created by Business Associate, when providing Services in compliance with HIPAA, the Health Information Technology for Economic and Clinical Health Act (Public Law 111-005) (the “**HITECH Act**”) and its implementing regulations and guidance issued by the Secretary; and

**WHEREAS**, the Privacy and Security Rules (defined below) require Covered Entity and Business Associate to enter into a BAA that meets certain requirements with respect to the Use and Disclosure of PHI, which are met by this BAA.

**AGREEMENT**

**NOW THEREFORE**, in consideration of the Recitals and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

**ARTICLE I  
DEFINITIONS**

1.1 “**Breach**” shall have the meaning given under [45 C.F.R. § 164.402](#).

1.2 “**Breach Notification Rule**” shall mean the Breach Notification for Unsecured Protected Health Information interim final rule at 45 C.F.R. Parts 160 and 164, Subpart D, as may be amended from time to time.

1.3 “**Designated Record Set**” shall have the meaning given such term under [45 C.F.R. § 164.501](#).



1.4 “**Disclose**” and “**Disclosure**” mean, with respect to PHI, the release, transfer, provision of access to, or divulging in any other manner of PHI outside of Business Associate or to other than members of its Workforce, as set forth in [45 C.F.R. § 160.103](#).

1.5 “**Electronic PHI**” or “**e-PHI**” means PHI that is transmitted or maintained in electronic media, as set forth in [45 C.F.R. § 160.103](#).

1.6 “**Protected Health Information**” and “**PHI**” mean any information created, received or maintained by Business Associate on behalf of Covered Entity, whether oral or recorded in any form or medium, that: (a) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) shall have the meaning given to such term under the Privacy Rule at [45 C.F.R. § 160.103](#). Protected Health Information includes e-PHI.

1.7 “**Privacy Rule**” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, Subparts A and E, as may be amended from time to time.

1.8 “**Security Rule**” shall mean the Security Standards at 45 C.F.R. Parts 160 and 164, Subparts A and C, as may be amended from time to time.

1.9 “**Services**” shall mean the services for or functions on behalf of Covered Entity performed by Business Associate pursuant to any service agreement(s) between Covered Entity and Business Associate which may be in effect now or from time to time (the “**Underlying Agreement**”), or, if no such agreements are in effect, then the services or functions performed by Business Associate that constitute a Business Associate relationship, as set forth in [45 C.F.R. § 160.103](#).

1.10 “**Subcontractor**” shall have the meaning given to such term under [45 C.F.R. § 160.103](#).

1.11 “**Unsecured PHI**” shall have the meaning given to such term under [42 U.S.C. § 17932\(h\)](#), [45 C.F.R. § 164.402](#), and guidance issued pursuant to the HITECH Act including, but not limited to the guidance issued on April 17, 2009 and published in 74 Federal Register 19006 (April 27, 2009) by the Secretary.

1.12 “**Use**” or “**Uses**” mean, with respect to PHI, the sharing, employment, application, utilization, examination or analysis of such PHI within Business Associate’s internal operations, as set forth in [45 C.F.R. § 160.103](#).

1.13 “**Workforce**” shall have the meaning given to such term under [45 C.F.R. § 160.103](#)

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to them in HIPAA or the HITECH Act, as applicable.

## **ARTICLE II OBLIGATIONS OF BUSINESS ASSOCIATE**

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate shall not Use or Disclose PHI other than as permitted or required by any Underlying Agreement, this BAA, or as Required by Law. Business Associate shall not Use or Disclose PHI in any manner that would constitute a violation of the Privacy Rule if so Used or Disclosed by Covered Entity, except that Business Associate may Use or Disclose PHI (i) for the proper management and administration of Business Associate; (ii) to carry out the legal responsibilities of Business Associate, provided that with respect to any such Disclosure either: (a) the Disclosure is Required by Law; or (b) Business Associate obtains a written agreement from the person to whom the PHI is to be Disclosed that such person will hold the PHI in confidence and shall not Use and further Disclose such PHI except as Required by Law and for the purpose(s) for which it was Disclosed by Business Associate to such person, and that such person will notify Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached. Business Associate may perform Services, including Data Aggregation for the Health Care Operations purposes of Covered Entity and de-identification of PHI in accordance with 45 C.F.R. § 164.514, if required by any Underlying Agreement or with the advance written permission of Covered Entity.

2.2 Adequate Safeguards of PHI. Business Associate shall implement and maintain appropriate safeguards to prevent Use or Disclosure of PHI other than as provided for by this BAA. Business Associate shall reasonably and appropriately protect the confidentiality, integrity, and availability of e-PHI that it creates, receives, maintains or transmits on behalf of Covered Entity and shall comply with Subpart C of 45 C.F.R. Part 164 to prevent Use or Disclosure of PHI other than as provided for by this BAA.

2.3 Reporting Non-Permitted Use or Disclosure.

2.3.1 Reporting Security Incidents and Non-Permitted Use or Disclosure. Business Associate shall report to Covered Entity in writing each Security Incident or Use or Disclosure that is made by Business Associate, members of its Workforce, or Subcontractors that is not specifically permitted by this BAA no later than five (5) days after becoming aware of such Security Incident or non-permitted Use or Disclosure, in accordance with the notice provisions set forth herein. Notwithstanding the foregoing, Business Associate and Covered Entity acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and Covered Entity acknowledges and agrees that no additional notification to Covered Entity of such ineffective Security Incidents is required, as long as no such incident results in unauthorized access, Use or Disclosure of PHI. Business Associate shall investigate each Security Incident or non-permitted Use or Disclosure of Covered Entity's PHI that it discovers to determine whether such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI. Business Associate shall document and retain records of its investigation of any suspected Breach. Business Associate shall take prompt corrective action and any action required by applicable state or federal laws and regulations relating to such Security Incident or non-permitted disclosure. If Business Associate determines that such Security Incident or non-

permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI, then Business Associate shall comply with the additional requirements of Section 2.3.2 below.

2.3.2 Breach of Unsecured PHI. If Business Associate determines that a reportable Breach of Unsecured PHI has occurred, Business Associate shall provide a written report to Covered Entity without unreasonable delay but no later than five (5) calendar days after discovery of the Breach. To the extent that information is available to Business Associate, Business Associate's written report to Covered Entity shall be in accordance with 45 C.F.R. §164.410(c). Business Associate shall cooperate with Covered Entity in meeting Covered Entity's obligations under the HIPAA Rules with respect to such Breach. Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected individual(s), the Secretary and, if applicable, the media. Business Associate shall perform any notification and as required by regulation, reasonable administrative costs associated with providing notice, printing and mailing costs, and one (1) year (or for the duration required by statute or regulation, if longer) of credit monitoring services for affected individuals whose PHI has or may have been compromised as a result of the Breach.

2.3.3 Data Breach Notification and Mitigation Under Other Laws. In addition to the requirements of Sections 2.3.1 and 2.3.2, Business Associate agrees to implement reasonable systems for the discovery and prompt reporting of any breach of individually identifiable information (including but not limited to PHI, and referred to hereinafter as "Individually Identifiable Information") that, if misused, disclosed, lost or stolen, would trigger an obligation under applicable state security breach notification laws ("State Breach") to notify the individuals who are the subject of the information. To the extent the State Breach is caused by or contributed to by Business Associate, Business Associate agrees to: (i) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach; (ii) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach conducted by a state agency or Attorney General; (iii) comply with Covered Entity's and Business Associate's obligations to mitigate to the extent practicable any potential harm to the individuals impacted by the State Breach; and (iv) assist with any legal requirement to notify individuals impacted or potentially impacted by a State Breach.

2.4 Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of PHI by Business Associate in violation of the requirements of this BAA.

2.5 Use of Subcontractors. Business Associate shall require each of its Subcontractors that creates, maintains, receives, or transmits PHI on behalf of Business Associate, to execute a Business Associate Agreement that imposes on such Subcontractors substantially the same restrictions, conditions, and requirements that apply to Business Associate under this BAA with respect to PHI.

2.6 Access to Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall make the PHI it maintains (or which is maintained by its Subcontractors) in Designated Record Sets available to Covered Entity for inspection and copying, or to an Individual to enable Covered Entity to fulfill its obligations

under 45 C.F.R. § 164.524. If Business Associate maintains PHI in a Designated Record Set electronically, Business Associate shall provide such information in the electronic form and format requested by the Covered Entity if it is readily reproducible in such form and format, and, if not, in such other form and format agreed to by Covered Entity to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524(c)(2). Business Associate shall notify Covered Entity within five (5) days of receipt of a request for access to PHI from an Individual.

2.7 Amendment of Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall amend the PHI it maintains (or which is maintained by its Subcontractors) in Designated Record Sets to enable the Covered Entity to fulfill its obligations under 45 C.F.R. § 164.526. Business Associate shall notify Covered Entity within five (5) days of receipt of a request for amendment of PHI from an Individual.

2.8 Accounting. Within thirty (30) days of receipt of a request from Covered Entity or an Individual for an accounting of disclosures of PHI, Business Associate and its Subcontractors shall make available to Covered Entity the information required to provide an accounting of disclosures to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c). Business Associate shall notify Covered Entity within five (5) days of receipt of a request by an Individual or other requesting party for an accounting of disclosures of PHI from an Individual.

2.9 Delegated Responsibilities. To the extent that Business Associate carries out one or more of Covered Entity's obligations under Subpart E of 45 C.F.R. Part 164, Business Associate must comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.

2.10 Availability of Internal Practices, Books, and Records to Government. Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the Use and Disclosure of PHI received from, created, maintained, or transmitted by Business Associate on behalf of Covered Entity promptly available for inspection and copying to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's or Business Associate's compliance with the HIPAA Rules. In addition, Business Associate shall respond to reasonable requests by Covered Entity for information relating to the Use and Disclosure of PHI provided, created, received, maintained or transmitted by Business Associate on behalf of Covered Entity for such purpose.

2.11 Minimum Necessary. Business Associate (and its Subcontractors) shall, to the extent practicable, limit its request, Use, or Disclosure of PHI to the minimum amount of PHI necessary to accomplish the purpose of the request, Use or Disclosure, in accordance with 42 U.S.C. § 17935(b) and 45 C.F.R. § 164.502(b)(1) or any other guidance issued thereunder.

2.12 Acknowledgement. Business Associate acknowledges that it is obligated by law to comply and represents that it shall comply with HIPAA, the HITECH Act, and the HIPAA Rules. Business Associate shall comply with all state privacy and security laws, to the extent

that such state laws are applicable to Business Associate and are not preempted by HIPAA or the HITECH Act.

### **ARTICLE III OBLIGATIONS OF COVERED ENTITY**

#### **3.1 Covered Entity's Obligations.**

3.1.1 Covered Entity shall notify Business Associate of any limitation(s) in the Notice of Privacy Practices of Covered Entity under 45 C.F.R. 164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of PHI.

3.1.2 Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an Individual to Use or Disclose his or her PHI, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI.

3.1.3 In the event Covered Entity agrees with an Individual to any restrictions on Use or Disclosure of PHI pursuant to 45 C.F.R. § 164.522(a) or if Covered Entity determines that it is obligated to accommodate a reasonable request of an Individual to receive communications of PHI pursuant to 45 C.F.R. § 164.522(b), Covered Entity promptly shall notify Business Associate of the same, as well as any revocation or modification of the same, and Business Associate thereupon shall observe such restriction or accommodation (or revocation or modification, if any, thereof) to the extent applicable to its Use or Disclosure of PHI hereunder, notwithstanding any other provision hereof, except as otherwise required by law.

3.1.4 Covered Entity agrees to obtain any consent or authorization that may be required under HIPAA or any other applicable law and/or regulation prior to furnishing Business Associate with PHI.

3.1.5 Covered Entity shall not request Business Associate to make any Use or Disclosure of PHI that would not be permitted under HIPAA if made by Covered Entity. Covered Entity agrees to fulfill its obligations under this BAA in a timely manner.

### **ARTICLE IV TERM AND TERMINATION**

4.1 Term. Subject to the provisions of Section 4.1, the term of this BAA shall be the term of any Underlying Agreement.

#### **4.2 Termination of Underlying Agreement.**

4.2.1 A breach by Business Associate of any provision of this BAA, as determined by Covered Entity, shall constitute a material breach of the Underlying Agreement and shall provide grounds for immediate termination of the Underlying Agreement, any provision in the Underlying Agreement to the contrary notwithstanding.

4.2.2 Covered Entity may terminate the Underlying Agreement, effective immediately, if: (i) Business Associate is named as a defendant in a criminal proceeding for a

violation of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws or (ii) a finding or stipulation that the Business Associate has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws is made in any administrative or civil proceeding in which the party has been joined.

4.3 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in any Underlying Agreement, upon Covered Entity's knowledge of a material breach or violation of this BAA by Business Associate, Covered Entity shall either:

4.3.1 Notify Business Associate of the breach in writing, and provide an opportunity for Business Associate to cure the breach or end the violation within ten (10) business days of such notification; provided that if Business Associate fails to cure the breach or end the violation within such time period to the satisfaction of Covered Entity, Covered Entity may terminate this BAA and any Underlying Agreement upon thirty (30) calendar days written notice to Business Associate; or

4.3.2 Upon thirty (30) calendar day written notice to Business Associate, immediately terminate this BAA and any Underlying Agreement if Covered Entity determines that such breach cannot be cured.

4.4 Disposition of Protected Health Information Upon Termination or Expiration.

4.4.1 Upon termination or expiration of this BAA, Business Associate shall destroy all PHI received from, or created or received by Business Associate on behalf of Covered Entity, that Business Associate still maintains in any form and retain no copies of such PHI.

4.4.2 If destruction is not feasible, Business Associate shall: (a) retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities; (b) return to Covered Entity the remaining PHI that the Business Associate still maintains in any form; (c) continue to extend the protections of this BAA to the PHI for as long as Business Associate retains the PHI; (d) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI not feasible and subject to the same conditions set out in Sections 2.1 and 2.2 above, which applied prior to termination. For the avoidance of doubt, Covered Entity agrees that it is infeasible for Business Associate to return or destroy PHI to the extent incorporated into Business Associate's working papers supporting its professional services for Covered Entity, and Business Associate shall be permitted to retain such PHI without further notice and shall maintain its confidentiality in accordance with this BAA.

## **ARTICLE V MISCELLANEOUS**

5.1 Regulatory References. A reference in this BAA to a section or other part of HIPAA, the HIPAA Rules, or the HITECH Act means, as of any point in time, the section or part as it may be amended or in effect at such time.

5.2 Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as necessary for Covered Entity to implement its obligations pursuant to HIPAA, the HIPAA Rules, or the HITECH Act. Any amendment to this BAA must be made in writing and signed by both Parties.

5.3 Relationship to Underlying Agreement Provisions. In the event that a provision of this BAA is contrary to a provision of an Underlying Agreement, the provision of this BAA shall control. Otherwise, this BAA shall be construed under, and in accordance with, the terms of such Underlying Agreement, and shall be considered an amendment of and supplement to such Underlying Agreement.

5.4 Headings. The headings of the paragraphs and sections of this BAA are inserted solely for convenience of reference and are not a part or intended to govern, limit or aid in the construction of any term or provision hereof.

5.5 Equitable Relief. Business Associate understands and acknowledges that any Disclosure or misappropriation of any PHI in violation of this BAA will cause Covered Entity irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that Covered Entity shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining any such further Disclosure or Breach and for such other relief as Covered Entity shall deem appropriate. Such right of Covered Entity is to be in addition to the remedies otherwise available to Covered Entity at law or in equity. Business Associate expressly waives the defense that a remedy in damages will be adequate and further waives any requirement in an action for specific performance or injunction for the posting of a bond by Covered Entity.

5.6 Insurance. In addition to any general and/or professional liability insurance required of Business Associate, Business Associate agrees to obtain and maintain, at its sole expense, cyber liability insurance, covering claims, liabilities, demands, damages, losses, costs and expenses arising from a breach of the security or privacy obligations of Business Associate, its officers, employees, agents and Subcontractors under this BAA. Such insurance coverage will be maintained for the term of this BAA, and a certificate evidencing the policy shall be provided to Covered Entity at Covered Entity's request.

5.7 Assistance in Litigation or Administrative Proceedings. Provided Business Associate is not a party to the action or in an adversarial position with Covered Entity, Business Associate shall make itself and any Subcontractors or members of its Workforce assisting Business Associate in the performance of its obligations under this BAA available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claim of violation of the HIPAA or other applicable laws relating to privacy or security caused or contributed to by Business Associate, Business Associate's Subcontractors or members of Business Associate's Workforce.

5.8 Indemnification. Notwithstanding anything to the contrary which may be contained in any Underlying Agreement, including but not limited to any limitations on liability contained therein, Business Associate hereby agrees to indemnify, defend, and hold harmless

Covered Entity and its respective officers, directors, managers, members, employees and agents from and against any and all losses, damages, fines, penalties, claims or causes of action and associated expenses (including, without limitation, costs of judgments, settlements, court costs and attorney's fees) resulting from Business Associate's (including its employees, directors, officers, agents, or other members of its Workforce, and its Subcontractors) breach of PHI to the extent resulting from the violation of the terms of this BAA, including but not limited to failure of Business Associate to perform its obligations under this BAA, or to comply with HIPAA or applicable state privacy or security law.

Business Associate's rights and obligations of indemnity set forth above are conditioned on (i) the prompt written notification from the Covered Entity to Business Associate of the claim for which indemnity is sought and (ii) cooperation and assistance from Covered Entity, including reasonable disclosure of information and authority necessary to perform the above. In the event of a claim for which the Covered Entity may seek indemnification hereunder, Business Associate shall be entitled to control the handling of such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing. Business Associate agrees to pay any claims and losses awarded against the Covered Entity by final judgment of a court, or the amount of any agreed settlement regarding any such claims and losses.

5.9 **Limitation of Liability.** NOTWITHSTANDING THE FOREGOING, BUSINESS ASSOCIATE'S TOTAL LIABILITY FOR ANY BREACH OF ITS OBLIGATIONS OF UNDER THIS BUSINESS ASSOCIATE AGREEMENT SHALL NOT EXCEED, IN THE AGGREGATE, FIVE HUNDRED THOUSAND DOLLARS (\$500,000). NOTWITHSTANDING THE FOREGOING, BUSINESS ASSOCIATE SHALL PERFORM THE FOLLOWING, WITHOUT MONETARY LIMITATION: (i) PREPARATION AND DISTRIBUTION OF LEGALLY REQUIRED NOTICE OF A BREACH TO INDIVIDUALS AFFECTED BY THE UNAUTHORIZED ACCESS, DISCLOSURE, COMPROMISE, ALTERATION OR LOSS OF THE DATA THAT INCLUDES THAT INDIVIDUAL'S PERSONAL DATA; (ii) PREPARATION AND DISTRIBUTION OF LEGALLY REQUIRED NOTICE OF A BREACH TO GOVERNMENT AGENCIES AND/OR OTHER REQUIRED ENTITIES; AND (iii) CREDIT MONITORING SERVICES FOR INDIVIDUALS WHOSE PERSONAL DATA WAS INVOLVED IN THE DATA BREACH, DESIGNED TO PROTECT AGAINST POTENTIAL FRAUD ASSOCIATED WITH IDENTITY THEFT CRIMES, FOR A SPECIFIC PERIOD NOT TO EXCEED TWELVE (12) MONTHS OR SUCH LONGER PERIOD AS REQUIRED BY APPLICABLE LAW

5.10 **Legal Actions.** Promptly, but no later than five (5) business days after notice thereof, Business Associate shall advise Covered Entity of any actual or potential action, proceeding, regulatory or governmental orders or actions, or any material threat thereof that becomes known to it related to Business Associate's Use or Disclosure of PHI, and of any facts and circumstances that may be pertinent to the prosecution or defense of any such actual or potential legal action or proceeding, except to the extent prohibited by law.

5.11 **Notice of Request or Subpoena for Data.** Business Associate agrees to notify Covered Entity promptly, but no later than five (5) business days after Business Associate's receipt of any request or subpoena for PHI or an accounting thereof. Business Associate shall promptly comply with Covered Entity's instructions for responding to any such request or



subpoena, unless such Covered Entity instructions would prejudice Business Associate. To the extent that Covered Entity decides to assume responsibility for challenging the validity of such request, Business Associate agrees to reasonably cooperate with Covered Entity in such challenge. The provisions of this Section shall survive the termination of this BAA.

5.12 Requests from Secretary. Promptly, but no later than five (5) calendar days after notice thereof, Business Associate shall advise Covered Entity of any inquiry by the Secretary concerning any actual or alleged violation of the Privacy Rule or the Security Rule related to Business Associate's Use or Disclosure of PHI.

5.13 Notices. Any notices required or permitted to be given hereunder by either Party to the other shall be given in writing: (1) by personal delivery; (2) by electronic mail or facsimile with confirmation sent by United States first class registered or certified mail, postage prepaid, return receipt requested; (3) by bonded courier or by a nationally recognized overnight delivery service; or (4) by United States first class registered or certified mail, postage prepaid, return receipt, in each case, addressed to a Party on the signature page(s) to this BAA, or to such other addresses as the Parties may request in writing by notice given pursuant to this Section 5.12. Notices shall be deemed received on the earliest of personal delivery; upon delivery by electronic facsimile with confirmation from the transmitting machine that the transmission was completed; twenty-four (24) hours following deposit with a bonded courier or overnight delivery service; or seventy-two (72) hours following deposit in the U.S. mail as required herein.

Covered Entity's Notice Address:

Kern Medical Surgery Center, LLC  
9300 Stockdale Highway, Suite 200  
Bakersfield, CA 93309  
Attn: Chief Executive Officer

Business Associate's Notice Address:

Moss Adams LLP  
2040 Main Street, Suite 900  
Irvine, CA 92614  
Attn: Stacy J. Stelzriede, CPA, Partner

With a copy to:

Moss Adams LLP  
999 Third Avenue, Suite 3300  
Seattle, WA 98104  
Attn: General Counsel

5.14 Relationship of Parties. Notwithstanding anything to the contrary in any Underlying Agreement, Business Associate is an independent Consultant and not an agent of Covered Entity under this BAA. Business Associate has the sole right and obligation to supervise, manage, contract, direct, procure, perform or cause to be performed all Business Associate obligations under this BAA.

5.15 Survival. To the extent that Business Associate retains PHI, the respective rights and obligations of the Parties set forth in Sections 2.3, 4.4, 5.8, and 5.10 of this BAA shall survive the termination, expiration, cancellation, or other conclusion of the BAA or any Underlying Agreement.

5.16 Interpretation. Any ambiguity in this BAA shall be interpreted to permit the Parties to comply with HIPAA, the HITECH Act, and the HIPAA Rules.

5.17 Governing Law; Applicable Law and Venue. This BAA shall be construed in accordance with the laws of the State of California applicable to agreements made and to be performed in such state. Any dispute between the Parties shall be brought before the Superior Court of Kern County, California, which shall have jurisdiction over all such claims.

5.18 Waiver of Provisions. Any waiver of any terms and conditions hereof must be in writing and signed by the Parties hereto. A waiver of any of the terms and conditions hereof shall not be construed as a waiver of any other term or condition hereof.

5.19 Assignment and Delegation. Neither this BAA nor any of the rights or duties under this BAA may be assigned or delegated by either Party hereto.

5.20 Disclaimer. Neither Party represents or warrants that compliance by the other Party with this BAA, HIPAA, the HIPAA Rules, or the HITECH Act will be adequate or satisfactory for the other Party's own purposes. Each Party is solely responsible for its own decisions regarding the safeguarding of PHI.

5.21 Certification. To the extent that Covered Entity determines that such examination is necessary to comply with Covered Entity's legal obligations pursuant to HIPAA relating to certification of its security practices, Covered Entity or its authorized agents or Consultants may, at Covered Entity's expense, request information from Business Associate regarding Business Associate's facilities, systems, procedures, and records, as may be necessary for such agents or Consultants to certify to Covered Entity the extent to which Business Associate's security safeguards comply with HIPAA, the HIPAA Rules, the HITECH Act, or this BAA.

5.22 Counterparts. This BAA may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on both Parties hereto.

The Parties hereto have executed this BAA as of the Effective Date.

**COVERED ENTITY:**

The Kern Medical Surgery Center, LLC

**BUSINESS ASSOCIATE:**

Moss Adams LLP



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

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

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

Date: February 12, 2025

**EXHIBIT “E”**  
**Insurance**

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

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

1. Workers’ Compensation and Employers Liability Insurance:

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

2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance.
- (c) Contractor is responsible for any deductible for a claim that is covered under its General Liability Insurance or self-insured retention and shall fund it upon KMSC’s

written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving KMSC.

- (d) KMSC shall be named as an additional insured on Contractor's General Liability Insurance (blanket endorsement is acceptable) for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement.
- (e) The insurance provided to KMSC as an additional insured shall be primary to and non-contributory with any insurance or self-insurance program maintained by KMSC.
- (f) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "f" definition of insured contract in ISO form CG 00 01, or equivalent).
- (g) The policy shall cover inter-insured suits between KMSC and Contractor and include a "separation of insureds" or "severability" clause which treats each insured separately.
- (h) Required Evidence of Insurance: (i) Copy of the additional insured blanket endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

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

4. Professional Liability Insurance (Errors and Omissions):

- (a) Professional Liability Insurance (Errors and Omissions) appropriate to Contractor's profession.
- (b) Minimum Limits: \$1,000,000 per Occurrence or Claim; \$3,000,000 Annual Aggregate.
- (c) Contractor is responsible for any deductible for a claim that is covered under its Professional Liability or self-insured retention. .
- (d) Required Evidence of Coverage: Certificate of Insurance.

5. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A-;VII.

6. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:
  - (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
  - (b) Insurance must be maintained and evidence of insurance must be provided upon request *for at least five (5) years after completion of the contract work*.
  - (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Contractor must purchase “extended reporting” coverage for a minimum of *five (5) years* after completion of the contract work.
  
7. Documentation:
  - (a) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with KMSC for the entire term of this Agreement and any additional periods if specified in sections 1, 2, 3 or 4 above.
  - (b) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern Medical Surgery Center, LLC, 9300 Stockdale Highway, Suite 200, Bakersfield, California 93309.
  - (c) Required Evidence of Insurance shall be submitted upon written request for any renewal or replacement of a policy that already exists before expiration or other termination of the existing policy.
  - (d) Contractor shall provide immediate written notice if any of the required insurance policies is terminated.
  - (e) Upon written request, copies of required insurance policies (except for the declarations pages of such policies) must be provided to KMSC within 30 days.
  
8. Policy Obligations: Contractor’s indemnity and other obligations shall not be limited by the foregoing insurance requirements.
  
9. Waiver of Subrogation: Except as to Professional Liability Insurance, Contractor hereby grants to KMSC a waiver of any right to subrogation, which any insurer of said Contractor may acquire against KMSC by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not KMSC has received a waiver of subrogation endorsement from the insurer.
  
10. Primary Coverage: For any claims related to this Agreement, Contractor’s Commercial General Liability and Automobile insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects KMSC, its officers, directors, officials, employees, and volunteers. Any insurance or self-insurance maintained by KMSC, its officers, directors, officials, employees, or volunteers shall be excess of Contractor’s insurance and shall not contribute with it.

11. Material Breach: If Contractor fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. KMSC, at its sole option, may terminate this Agreement and seek damages from Contractor resulting from said breach. Alternatively, KMSC may purchase the required insurance, and without further notice to Contractor, KMSC may deduct from sums due to Contractor any premium costs advanced by KMSC for such insurance. These remedies shall be in addition to any other remedies available to KMSC.

[Intentionally left blank]



T (949) 221-4000  
F (949) 221-4001

2040 Main Street  
Suite 900  
Irvine, CA 92614

February 12, 2025

Philip McLaughlin, Chairman, Board of Managers  
Andrew Cantu, Chief Financial Officer  
Kern Medical Surgery Center, LLC  
9300 Stockdale Highway, Suite 200  
Bakersfield, California 93309

Re: Audit and Nonattest Services

Dear Chairman McLaughlin:

Thank you for the opportunity to provide services to Kern Medical Surgery Center, LLC. This engagement letter (“Engagement Letter”) and the attached Professional Services Agreement between Moss Adams LLP and Kern Medical Surgery Center, LLC, effective February 18, 2025 (“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 Moss Adams LLP (“Moss Adams,” “we,” “us,” and “our”) will provide to Kern Medical Surgery Center, LLC (“you,” “your,” and “Company”).

### **Scope of Services – Audit**

You have requested that we audit the Company’s financial statements, which comprise the balance sheet as of June 30, 2024, and the related statements of income, members’ equity, and cash flows for the year then ended, and the related notes to the financial statements.

### **Scope of Services and Limitations – Nonattest**

We will provide the Company with the following nonattest services:

Assist you in drafting the financial statements and related footnotes as of and for the year ended June 30, 2024.

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 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 Andy Cantu, Kern County Hospital Authority 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**

Kristen Olko, Senior Manager, is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin our audit no later than April 2025, complete fieldwork by May 31, 2025, and issue our report no later than June 30, 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 estimate that our fees for the services will be as follows:

Description	Amount
Audit of the financial statements of KMSC as of and for the year ended June 30, 2024	\$40,000 - \$44,000
Opening balance sheet procedures as of July 1, 2023	\$4,000 - \$6,000
<b>TOTAL</b>	<b>\$44,000 - \$50,000</b>

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 \$2,200 to \$2,500, 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 \$1,500, 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.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the Company's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments, and/or untimely assistance will result in an increase of our fees.



## 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 Managers 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, 2024.

## 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 Auditor's Responsibility

We will conduct our audit in accordance with U.S. GAAS. 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 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 or regulations 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. 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. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws or regulations 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 or regulations that come to our attention, unless clearly inconsequential. 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. 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 Moss Adams.

### **Management's Responsibility for Financial Statements**

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 also responsible for identifying and ensuring that the Company complies with applicable laws and regulations.

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:

- an entity that the Company can control (for example, a subsidiary);
- an entity in which the Company or an entity controlled by the Company has a direct financial interest that gives the Company significant influence over such entity and is material to the Company;
- an entity that controls the Company (for example, a parent) when the Company is material to such entity;
- an entity with a direct financial interest in the Company when that entity has significant influence over the Company, and the interest in the Company is material to such entity;
- a sister entity of the Company if the Company and sister entity are each material to the entity that controls both;

In order to fulfill our mutual responsibility to maintain auditor independence, you agree to notify Moss Adams of any known affiliate relationships, to the best of your knowledge and belief. Additionally, you agree to inform Moss Adams 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 Moss Adams 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 Moss Adams 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 Moss Adams providing any services in connection with the offering of securities, whether registered or exempt from registration, and Moss Adams 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 Moss Adams 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.

**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 Moss Adams' Name**

The Company may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, 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.

**Use of Subcontractor and Affiliate**

We may retain subcontractors and/or our affiliate, Moss Adams (India) LLP, to assist us in providing our services to you. These entities may collect, use, transfer, store, or otherwise process information provided by you or on your behalf ("Client information") in the domestic and foreign jurisdictions in which they operate. All of these entities are required to protect the confidentiality of any Client information to which they have access in the course of their work. We will be responsible for their performance in accordance with the terms of this Agreement.

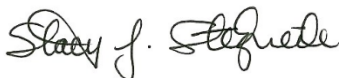
**Hiring of Employees**

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.

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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,



Stacy J. Stelzriede, Partner, for  
Moss Adams LLP

Enclosures

**Accepted and Agreed:**

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Kern Medical Surgery Center, LLC with respect to this engagement and the services to be provided by Moss Adams LLP:

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

Print Name: Philip McLaughlinTitle: Chairman, Board of GovernorsDate: February 18, 2025Client: #657550  
v. 6/13/2024



Kern Medical Surgery Center, LLC  
9300 Stockdale Hwy., Suite 200  
Bakersfield, CA 93311  
661-964-2470

**BOARD OF MANAGERS  
SPECIAL MEETING  
KERN MEDICAL SURGERY CENTER, LLC**

February 18, 2025

**Subject:** Proposed payment of Incentive Compensation in the amount of \$35,000 for Calendar Year Ended December 31, 2024

**Recommended Action:** Approve

The Kern Medical Surgery Center, LLC hired a full-time employed Business Office Manager on April 17, 2023, whose primary responsibility is to conduct billing and collections for the Surgery Center. The Business Office Manager position is an exempt position according to state and federal laws. The current annual compensation for this position consists of a base salary in the amount of \$101,650 plus an annual bonus based on the amount of collections for the calendar year. The current bonus compensation structure for the calendar ended December 31, 2024 compensates the Billing Office Manager at \$5,000 for every \$500,000 collected over \$2,000,000 per year up to a maximum payable amount of \$50,000. The following table shows the incentive compensation payable based on cash collections:

Annual Collections	Incentive Compensation
\$2,000,000.00	\$5,000.00
\$2,500,000.00	\$10,000.00
\$3,000,000.00	\$15,000.00
\$3,500,000.00	\$20,000.00
\$4,000,000.00	\$25,000.00
\$4,500,000.00	\$30,000.00
\$5,000,000.00	\$35,000.00
\$5,500,000.00	\$40,000.00
\$6,000,000.00	\$45,000.00
\$6,500,000.00	\$50,000.00

The Surgery Center collections totaled \$5,315,593.53 for the calendar year ended December 31, 2024. Based on the above schedule the Business Office Manager would receive a bonus of \$35,000, less all applicable federal and state taxes and withholdings.

Therefore, it is recommended that your Board approve the proposed incentive compensation payable to the Surgery Center Business Office Manager in the amount of \$35,000, less all applicable federal and state taxes and withholdings, based on total collections of \$5,315,593.53 for calendar year ended December 31, 2024.





Kern Medical Surgery Center, LLC  
9300 Stockdale Hwy., Suite 200  
Bakersfield, CA 93311  
661-964-2470

**BOARD OF MANAGERS  
SPECIAL MEETING  
KERN MEDICAL SURGERY CENTER, LLC**

February 18, 2025

**Subject:** Proposed Business Office Manager Incentive Compensation Schedule for Calendar Year December 31, 2025

**Recommended Action:** Approve

Kern Medical Surgery Center, LLC employs a full-time Business Officer Manager whose primary responsibility is to conduct billing and collections for the surgery center. The current annual compensation for this exempt position consists of a base salary in the amount of \$101,650 plus an annual bonus based on the amount of collections.

Staff recommends changing the calendar year 2025 incentive compensation schedule by increasing the threshold of annual collections that the position is eligible to receive from \$2,000,000 per year to \$3,000,000. The incentive compensation would continue to be \$5,000 for every \$500,000 over \$3,000,000 up to a maximum amount of \$45,000 per year for \$7,000,000 of collections. The maximum payable of \$45,000 is \$5,000 less than the prior year. The following schedule shows the incentive compensation payable based on cash collections:

Annual Collections	Incentive Compensation
\$3,000,000.00	\$5,000.00
\$3,500,000.00	\$10,000.00
\$4,000,000.00	\$15,000.00
\$4,500,000.00	\$20,000.00
\$5,000,000.00	\$25,000.00
\$5,500,000.00	\$30,000.00
\$6,000,000.00	\$35,000.00
\$6,500,000.00	\$40,000.00
\$7,000,000.00	\$45,000.00

At the conclusion of the calendar year ending December 31, 2025, your Board will receive a request to approve the Business Office Manager's annual incentive compensation based on the surgery center collections.

Therefore, it is recommended that your Board approve the Business Office Manager incentive compensation schedule for calendar year ending December 31, 2025.

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

(Government Code Section 54957.7)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on February 18, 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**

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 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 - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Sylvia Glenn Stevens,  
Applicant v. Kern County Hospital Authority, Permissibly Self-Insured,  
Administered by Adminsure, Inc., Defendants, Workers' Compensation Appeals  
Board, Case Numbers ADJ3208861; ADJ1552389; ADJ3235687; ADJ4399887 –

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

(Government Code Section 54957.7)

The Board of Governors will hold a closed session on February 18, 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) –