IMPERIAL VALLEY HEALTHCARE DISTRICT

AGENDA
REGULAR MEETING OF THE FINANCE & BUDGET COMMITTEE
MONDAY, JUNE 22, 2026, 10:00 A.M.

Pioneers Memorial Hospital | PMH Auditorium
207 W. Legion Road, Brawley, CA92227

Join Microsoft Teams
Meeting ID: 296 383 128 823 341
Passcode: Pn3Pd3CA

1. **Call to Order**

2. **Roll Call**

3. **Pledge of Allegiance**

4. **Approval of Request for Remote Appearance by Board Member(s)**, *if Applicable*

5. **Consider Approval of Agenda**
   In the case of an emergency, items may be added to the agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage, a crippling disaster, or other activity that severely imperils public health, safety, or both. Items on the agenda may be taken out of sequential order as their priority is determined by the Board of Directors. The Board may take action on any item appearing on the agenda.

6. **Public Comments**
   At this time the Board will hear comments on any agenda item. If any person wishes to be heard, they shall stand; address the president, identify themself, and state the subject for comment. Time limit for each speaker is 3 minutes individually per item to address the Board. Individuals who wish to speak on multiple items will be allowed four (4) minutes in total. A total of 15 minutes shall be allocated for each item for all members of the public. The board may find it necessary to limit the total time allowable for all public comments on

items not appearing on the agenda at anyone one meeting to one hour.

7. Consent Calendar

Any member of the Board may request that items for the Consent Calendar be removed for discussion. Items so removed shall be acted upon separately immediately following approval of items remaining on the Consent Calendar.

a. Approve minutes for meetings of May 26, 2026.

8. Items for Discussion and/or Board Action

a. Review of May 2026 Financials and Profit & Loss Statements (Staff reference: Carly Loper)

b. Discussion and/or possible action to recommend to the Board of Directors approval of the requested for the Neurology telemedicine service agreement between CEP America-Neurology, PC dba Vituity, and Imperial Valley Healthcare District. (Staff reference: Carol Bojorquez)

c. Discussion and/or possible action to recommend to the Board of Directors approval of Service agreement between STERIS Instrument Management Services Inc. and Imperial Valley Healthcare District. (Staff reference: Carol Bojorquez)

d. Discussion and/or possible action to recommend to the Board of Directors approval of Authorization to approve IVHD-Pathology Associates of Southern California Agreement Renewal. (Staff reference Carly Zamora)

e. Discussion and/or possible action to recommend to the Board of Directors approval of Authorization to approve Agreement between Imperial Valley Healthcare District and MedPro International. (Staff reference Carly Zamora)

f. Discussion and/or possible action to recommend to the Board of Directors approval of Authorization to approve A solar company dedicated to helping clients leverage the benefits of solar energy. (Staff reference Carly Zamora/Carly Loper)

9. Items for Future Agenda

This item is placed on the agenda to enable the Board to identify and schedule future items for discussion at upcoming meetings and/or identify press release opportunities.

10. Adjournment

POSTING STATEMENT

A copy of the agenda was posted June 19, 2026, at 207 W. Legion Road, Brawley, CA 92227 at 10:00 a.m. and other locations throughout the IVHD pursuant to CA Government code 54957.5. Disclosable public records and writings related to an agenda item distributed to all or a majority of the Board, including such records and written distributed less than 24 hours prior to this meeting are available for public inspection at the District Administrative Office where the IVHD meeting will take place. The agenda package and material related to an agenda item submitted after the packets distribution to the Board is available for public review in the lobby of the office where the Board meeting will take place.

In compliance with the Americans with Disabilities Act, if any individuals request special accommodations to attend and/or participate in District Board meetings please contact the District at (760)970-6046. Notification of 48 hours prior to the meeting will enable the District to make reasonable accommodation to ensure accessibility to this meeting [28 CFR 35.102-35.104 ADA title II].

IMPERIAL VALLEY
HEALTHCARE DISTRICT

MEETING MINUTES
MAY 26, 2026
FINANCE COMMITTEE MEETING

THE IMPERIAL VALLEY HEALTHCARE DISTRICT FINANCE COMMITTEE MET IN SPECIAL SESSION ON THE 26TH OF MAY AT 207 W. LEGION ROAD CITY OF BRAWLEY, CA. ON THE DATE, HOUR AND PLACE DULY ESTABLISHED OR THE HOLDING OF SAID MEETING.

1. **TO CALL ORDER:**
   The regular meeting was called to order in open session at 10:12 a.m. by James Garcia.

2. **ROLL CALL-DETERMINATION OF QUORUM:**

President	James Garcia
Vice-President	Enola Berker
Trustee	Laura Goodsell

GUESTS:
Adriana Ochoa – Legal/Snell & Wilmer (remote)
Carly Loper – PMH Chief Financial Officer
David Momberg – ECRMC Chief Financial Officer

3. **PLEDGE OF ALLEGIANCE WAS LED BY DIRECTOR GARCIA.**

4. **APPROVAL OF REQUEST FOR REMOTE APPEARANCE BY BOARD MEMBER(S)**
   None

5. **CONSIDER APPROVAL OF AGENDA:**
   Motion was made by Director Berker and second by Director Goodsell to approve the agenda for May 263, 2026. Motion passed by the following vote wit:

   AYES: Garcia, Berker, Goodsell
   NOES: None

6. **PUBLIC COMMENT TIME:**
   Ron Rubin spoke concerning the finances in the process of the merge.

7. **CONSENT CALENDAR:**
   Motion was made by Director Berker and second by Director Goodsell to approve the consent calendar minutes for March 23, 2026, and April 23, 2026. Motion passed by the following vote wit:

   AYES: Garcia, Berker, Goodsell
   NOES: None

IMPERIAL VALLEY HEALTHCARE DISTRICT

8. ACTION ITEMS:

a. Review of April 2026 Financials and Profit & Loss Statements

Motion was made by Director Berker and second by Director Goodsell to approve receiving and recommending the Board of Directors approval of April 2026 Financials and Department Profit & Loss Statement. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

b. Budget FY2027

Carly Loper went over the Budget for FY2027

This item will be on the regular meeting agenda for discussion and approval.

c. Discussion and/or possible action to recommend to the Board of Directors approval of the Employee Leasing Agreement between Rady Children's Hospital San Diego (RCHSD) and IVHD for audiology staff to provide basic audiology testing locally in our clinics.

Motion was made by Director Goodsell and second by Director Berker to approve recommending to the Board of Directors approval of the Employee Leasing Agreement between Rady Children's Hospital San Diego (RCHSD) and IVHD for audiology staff to provide basic audiology testing locally in our clinics. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

d. Discussion and/or possible action to recommend to the Board of Directors approval of Emergency Medical Care On-Call for Jason J. Chiu, MD. Inc.

Motion was made by Director Berker and second by Director Garcia to approve recommending to the Board of Directors approval of the Emergency Medical Care On-Call for Jason J. Chiu, MD. Inc. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

e. Discussion and/or possible action to recommend to the Board of Directors approval of Authorization to approve Professional Service Agreement for Dr. Koorosh Kooros, M.D.

Motion was made by Director Berker and second by Director Goodsell to approve recommending to the Board of Directors approval of Authorization to approve Professional Service Agreement for Dr. Koorosh Kooros, M.D. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell

NOES: None

f. Discussion and/or possible action to recommend to the Board of Directors approval of Authorization to approve Professional Service Agreement for Sayed Monis, M.D.

Motion was made by Director Berker and second by Director Garcia to approve recommending to the Board of Directors approval of Authorization to approve Professional Service Agreement for Sayed Monis, M.D. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

g. Discussion and/or possible action to recommend to the Board of Directors approval of Authorization to approve Progressive Healthcare Consulting Agreement.

Motion was made by Director Berker and second by Director Garcia to approve recommending to the Board of Directors approval of Authorization to approve Progressive Healthcare Consulting Agreement subject to legal review. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

h. Discussion and/or possible action to recommend to the Board of Directors approval of Authorization to approve Appointment of Dr. Lisa Bean, M.D., as Medical Executive Committee Chair of OBGYN Services.

Motion was made by Director Goodsell and second by Director Berker to approve recommending to the Board of Directors approval of Appointment of Dr. Lisa Bean, M.D., as Medical Executive Committee Chair of OBGYN Services. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

i. Discussion and/or possible action to recommend to the Board of Directors approval of Review and authorize property insurance coverage provided through broker, Alliant Insurance Services, Inc. (“Alliant”). Property insurance includes coverage for Property, Boiler & Machinery, Commercial Cyber Liability and Pollution.

Motion was made by Director Goodsell and second by Director Berker to approve recommending to the Board of Directors approval of Review and authorize property insurance coverage provided through broker, Alliant Insurance Services, Inc. (“Alliant”). Property insurance includes coverage for Property, Boiler & Machinery, Commercial Cyber Liability and Pollution. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

j. Discussion and/or possible action to recommend to the Board of Directors approval of Authorize the renewal of Healthcare Entity Comprehensive Liability (HCL) Coverage, Directors & Officers Liability Coverage and Automobile Coverage with BETA Risk Management Authority ("BETARMA").

This item was tabled for Thursday's Regular Board Meeting.

k. Discussion and/or possible action to recommend to the Board of Directors approval of Authorize the renewal of Workers' Compensation Coverage with BETA Risk Management Authority ("BETARMA") for coverage in the State of California.

Motion was made by Director Goodsell and second by Director Berker to approve recommending to the Board of Directors approval of Authorize the renewal of Workers' Compensation Coverage with BETA Risk Management Authority ("BETARMA") for coverage in the State of California. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

l. Discussion and/or possible action to recommend to the Board of Directors approval of Co-Applicant Documents for the Imperial Valley Health Centers.

This item was tabled for Thursday's Regular Board Meeting.

m. Discussion and/or possible action to recommend to the Board of Directors approval of the eighth amendment to the Professional Service Agreement for Rady's Children's Specialist of San Diego.

Motion was made by Director Goodsell and second by Director Berker to approve recommending to the Board of Directors approval of the eighth amendment to the Professional Service Agreement for Rady's Children's Specialist of San Diego. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

n. Discussion and/or possible action to recommend to the Board of Directors approval of the Medical Directorship agreement for Alidad Zadeh, D.O. at Imperial Valley Health Centers.

Motion was made by Director Berker and second by Director Goodsell to approve recommending to the Board of Directors approval of the Medical Directorship agreement for Alidad Zadeh, D.O. at Imperial Valley Health Centers subject to finalization by legal and staff. Motion passed by the following vote wit:

AYES: Garcia, Berker, Goodsell
NOES: None

IMPERIAL VALLEY
HEALTHCARE DISTRICT

9. **ITEMS FOR FUTURE AGENDA:**

Financials

10. **ADJOURNMENT:**

With no future business to discuss, Motion was made unanimously to adjourn meeting at 11:50 a.m.

PIONEERS
IMPERIAL VALLEY
HEALTHCARE DISTRICT

To: Board of Directors

Katherine Burnworth, President

Laura Goodsell, Vice President

Enola Berker, Secretary

James Garcia, Treasurer

Arturo Proctor, Trustee

Rodolfo Valdez, Trustee

Felipe Irigoyen, Trustee

Additional Distribution:

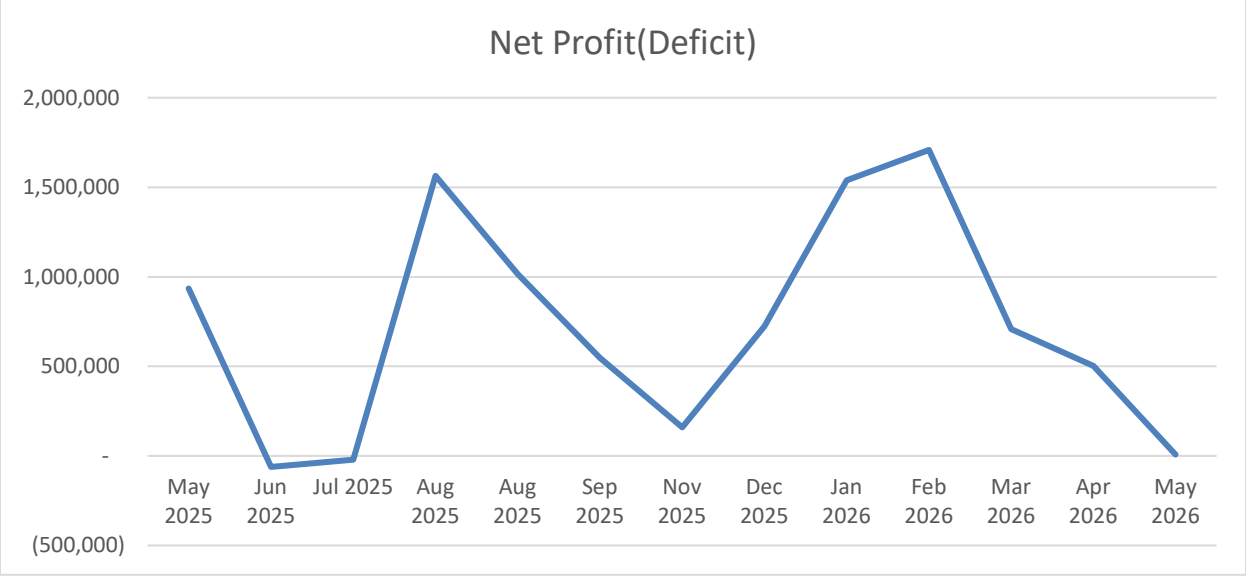
Carly Zamora, Interim Chief Executive Officer

From: Carly Loper, Chief Financial Officer

Financial Report – May 2026

Overview:

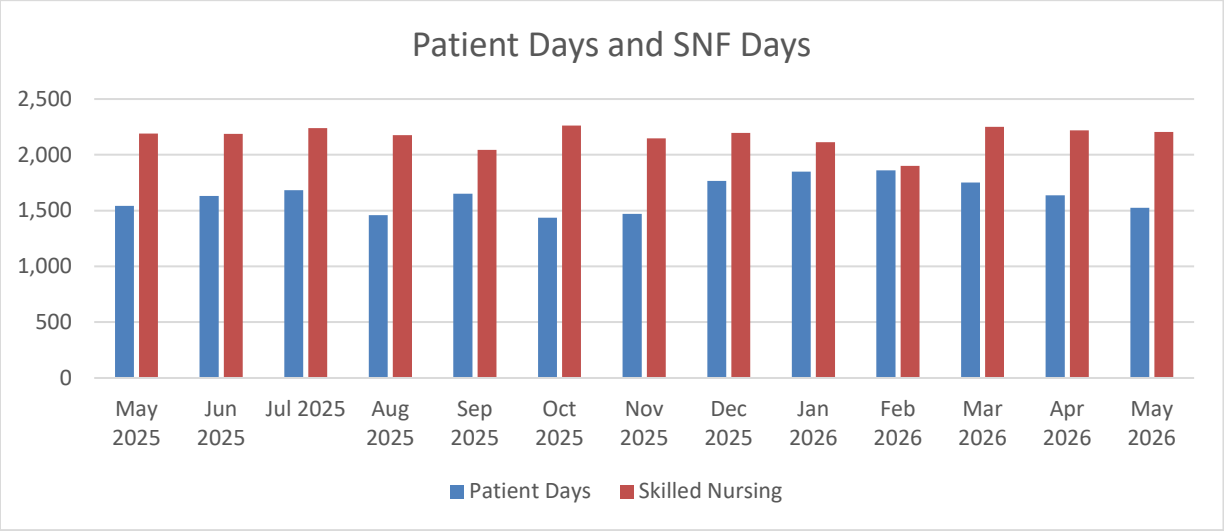
Financial operations for the month of May resulted in a profit of $6,764 against a budgeted profit of $91,639.



Patient Volumes:

In May, inpatient days fell below budget by (7.2%) and fell below the prior month volumes by (6.8%). For the year-to-date period, inpatient days were on budget and exceeded prior year volumes by 2.4%.

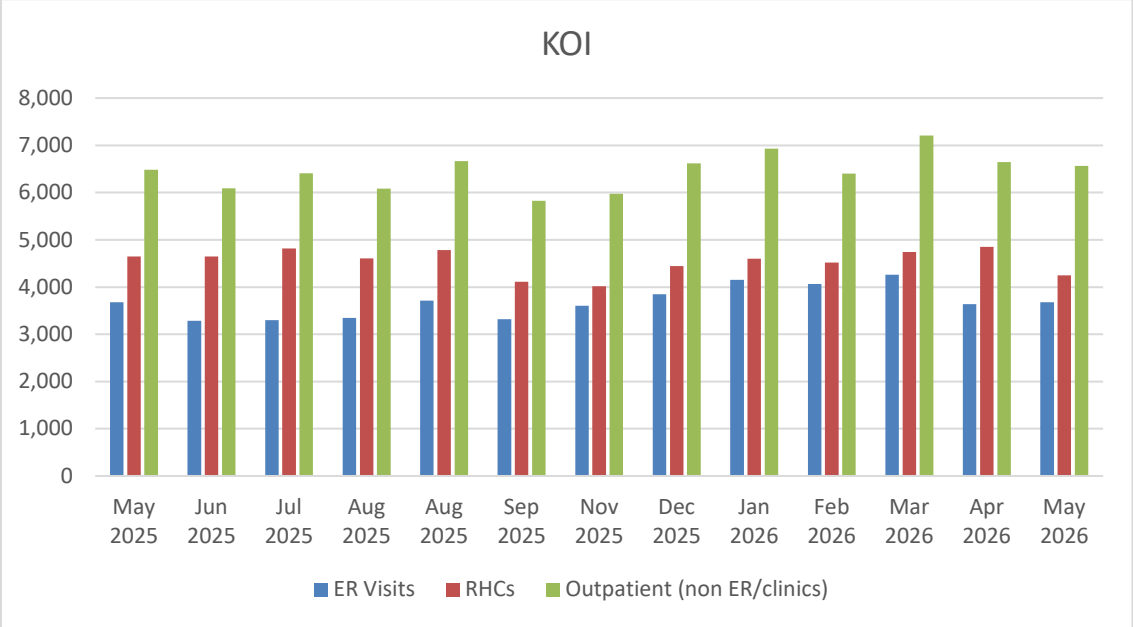
May inpatient days for Pioneers Memorial Skilled Nursing Center (PMSNC) were 2,204 compared to 2,218 inpatient days in April. PMSNC had an average daily census (ADC) of 71.1 for the month of May.

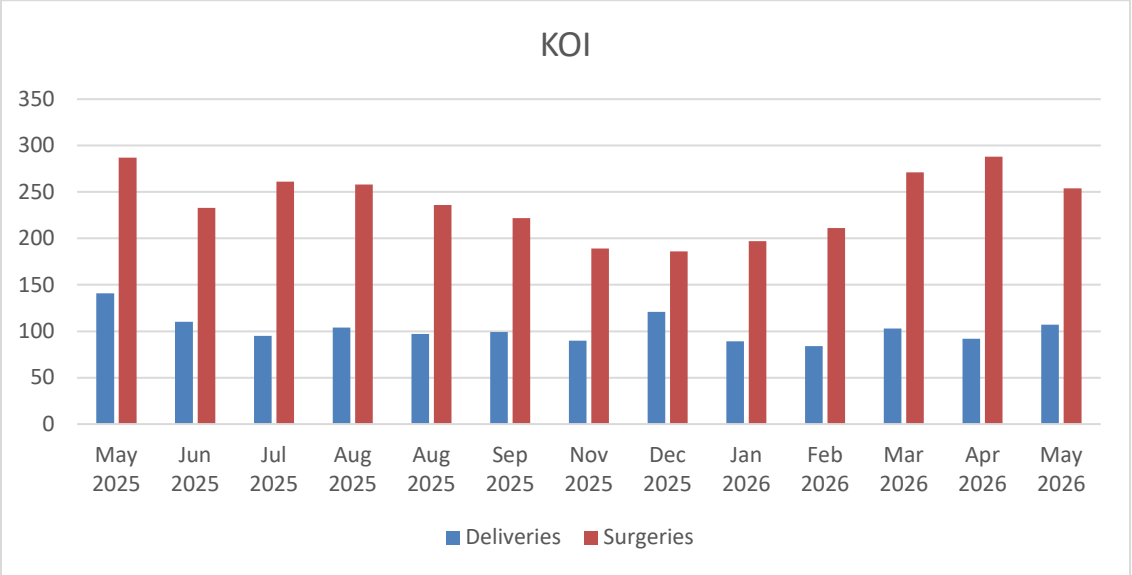


For the month of May, Deliveries exceeded the prior month volumes by 58.7% but fell below the monthly budget by (17.5%). Emergency Room visits exceeded the prior month volumes by 1.0% and exceeded the monthly budget by 0.2%. Surgeries for the month of May fell below the prior month volumes by (11.8%) and fell below the monthly budget by (13.9%). Calexico Health Center, Pioneers Health Center, Pioneers Children's Health Center and Outpatient (non-ER) visits/volumes for May fell below the prior month visits/volumes. All fiscal year-to-date volumes, except for the Calexico Health Center, are lower than prior year volumes. For actual compared to budget fiscal year-to-date, the visits/volumes for Pioneers Children Health Center and Outpatient (non-ER) fell below budget while Pioneers Health Center and Calexico Health Center visits exceeded budget.

See Exhibit A (Key Volume Stats – Trend Analysis) for additional detail.

	Current Period			Year To Date		
	Act.	Bud	Prior Yr.	Act.	Bud	Prior Yr.
Deliveries	146	177	141	1,694	1,946	1,901
E/R Visits	3,675	3,668	3,678	40,919	40,347	42,384
Surgeries	254	295	287	2,573	3,242	3,643
GI Scopes	0	23	0	290	902	290
Calexico RHC	919	873	923	10,792	9,607	10,522
Pioneer Health	2,341	2,461	2,599	27,575	27,070	29,451





Gross Patient Revenues:

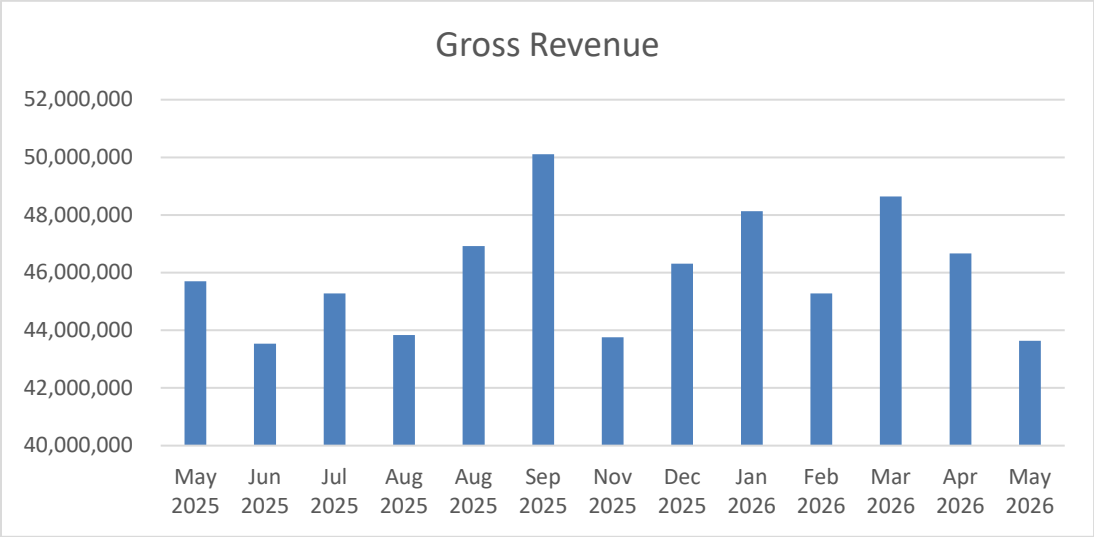
In May, gross revenues fell below budget by ($1,488,477) or (3.3%) and fell below the prior month's revenues by ($3,033,657) or (6.5%).

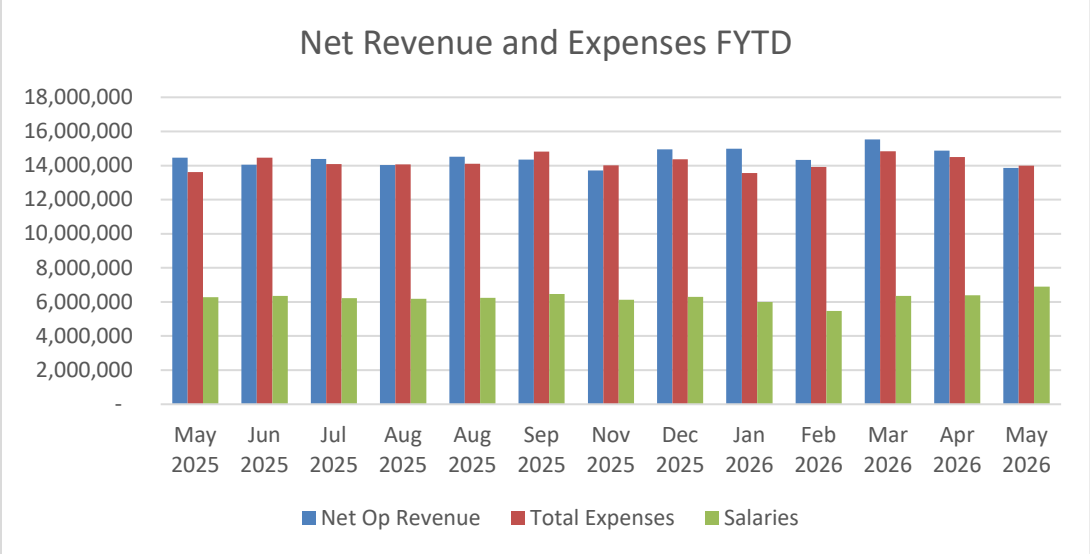
	Monthly Gross Revenue	Daily Gross Revenue
April	$46,665,074	$1,555,502
May	$43,631,417	$1,407,465

Operating Expenses:

In total, May operating expenses were under budget by 3.8%. May's daily expenses were $451,230 per day, which was lower than April's monthly expenses at $483,416 per day. Total staffing expenses for May were under budget by 1.6% while Benefits expenses were under budget by 17.8%. Total expenses for May fell below the prior month expenses by $553,740 or 3.8%.

	Monthly Expenses	Daily Expenses
April	$14,502,476	$483,416
May	$13,988,138	$451,230



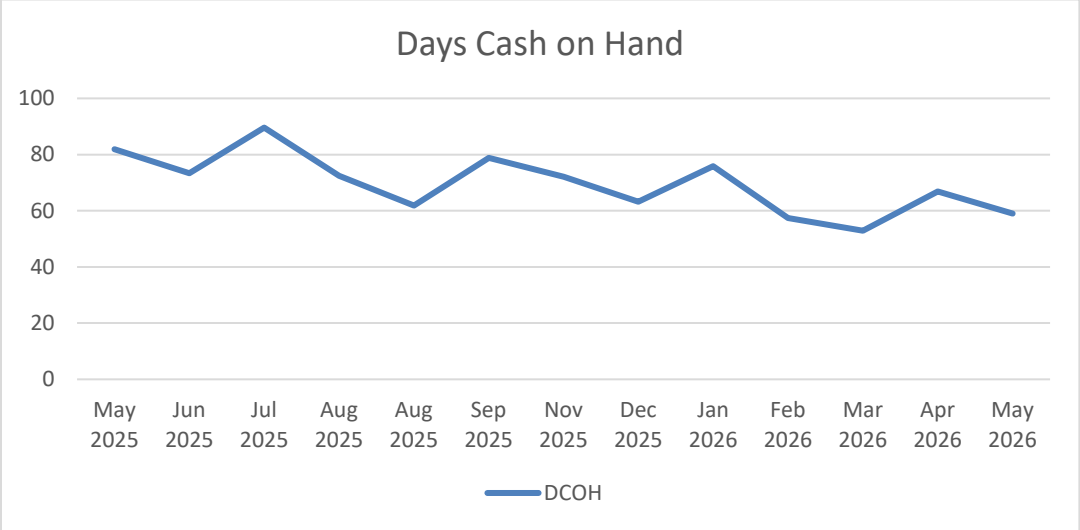


Bond Covenants:

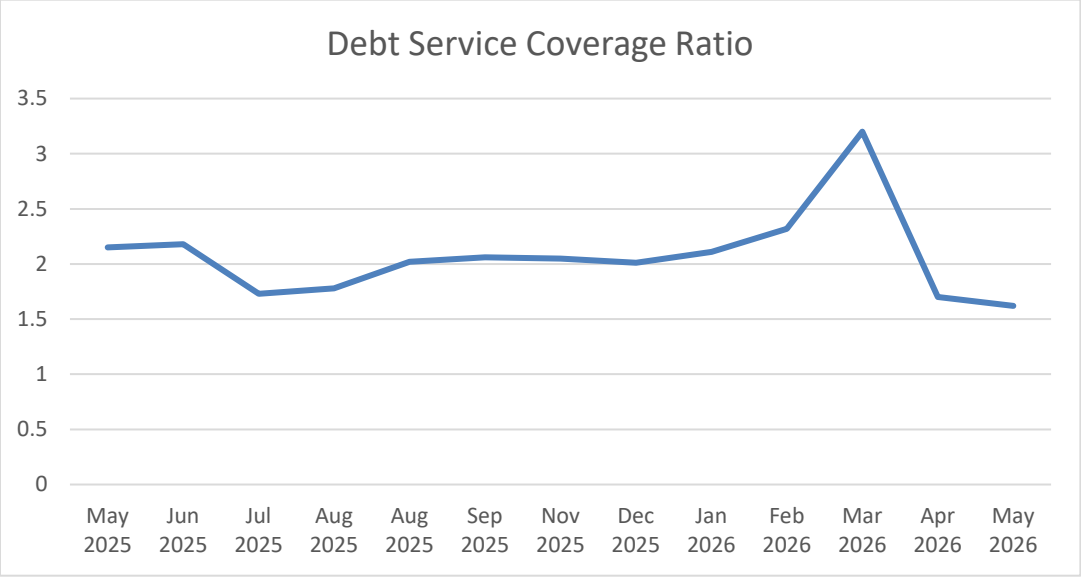
As part of the Series 2017 Bond issue, the District is required to maintain certain covenants or "promises" to maintain liquidity (days cash on hand of 50 days) and profitability (debt service coverage ratio of 1.20). A violation of either will allow the Bond Trustee (U.S. Bank) authorization to take certain steps to protect the interest of the individual Bond Holders.

The District's days cash on hand decreased from the prior month with the following results:

end of April 2026: 66.9 days cash on hand
end of May 2026: 59.0 days cash on hand

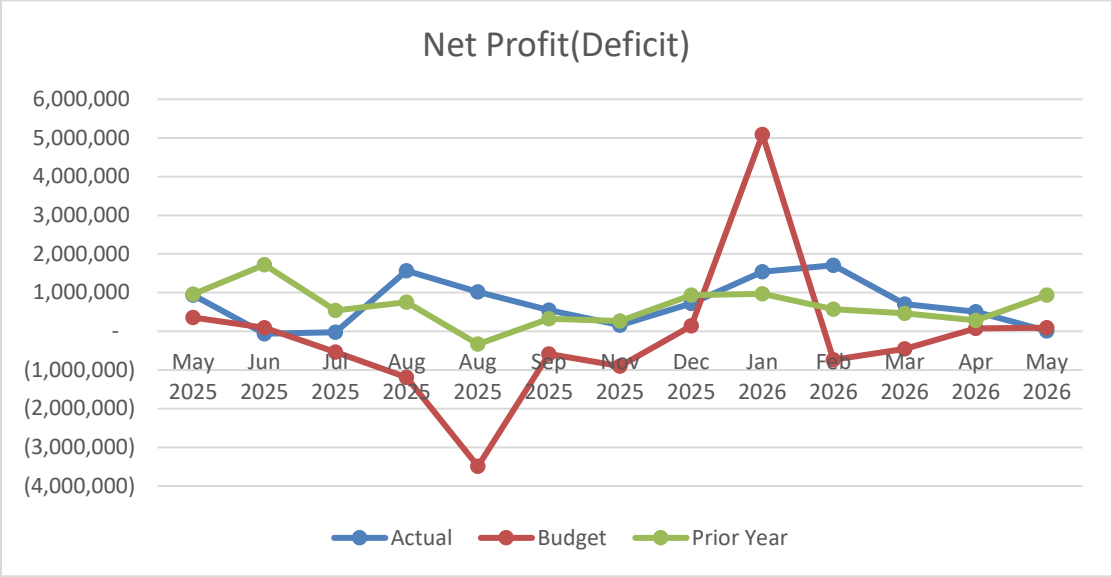


The District's debt service coverage ratio for May 2026 was 1.62 while the debt service coverage ratio for April 2026 was 1.70.



Net Excess/(Deficit):

Fiscal year-to-date, District operations have resulted in a profit of $8,454,766 against a budgeted profit of $249,043, which is ahead of the prior year-to-date profit of $5,701,532.



END OF REPORT

IMPERIAL VALLEY HEALTHCARE DISTRICT

STATEMENT OF REVENUE AND EXPENSE

FOR THE PERIOD ENDING MAY 31, 2026

LAST MONTH ACTUAL APRIL	LAST YEAR ACTUAL MAY	THIS MONTH ACTUAL MAY	THIS MONTH BUDGET MAY	% VAR		FYTD ACTUAL MAY	FYTD BUDGET MAY	% VAR	FYTD PRIOR YEAR MAY	% VAR
4,636	3,686	4,369	3,818	14.44%	ADJ PATIENT DAYS	49,606	41,987	18.15%	41,313	20.07%
1,638	1,542	1,526	1,645	-7.23%	INPATIENT DAYS	18,093	18,091	0.01%	17,678	2.35%
515	551	520	548	-5.11%	IP ADMISSIONS	5,834	6,028	-3.22%	5,636	3.51%
55	50	49	53	-7.23%	IP AVERAGE DAILY CENSUS	54	54	0.01%	53	2.35%
					GROSS PATIENT REVENUES					
16,486,563	19,122,305	15,238,537	19,440,985	-21.62%	INPATIENT REVENUE	185,282,371	213,850,832	-13.36%	211,764,346	-12.51%
2,049,350	4,627,358	2,032,140	4,252,010	-52.21%	DAILY HOSPITAL SERVICES	21,522,661	46,772,107	-53.98%	47,398,365	-54.59%
14,437,213	14,494,947	13,206,397	15,188,975	-13.05%	INPATIENT ANCILLARY	163,759,710	167,078,725	-1.99%	164,365,982	-0.37%
30,178,511	26,581,622	28,392,880	25,678,909	10.57%	OUTPATIENT REVENUE	322,707,329	282,467,997	14.25%	283,125,095	13.98%
46,665,074	45,703,927	43,631,417	45,119,894	-3.30%	TOTAL PATIENT REVENUES	507,989,700	496,318,829	2.35%	494,889,441	2.65%
					REVENUE DEDUCTIONS					
7,149,074	10,173,409	7,799,105	12,779,537	38.97%	MEDICARE CONTRACTUAL	122,701,791	140,574,907	12.71%	118,145,658	-3.86%
17,052,339	13,219,010	14,317,309	13,214,896	-8.34%	MEDICAL CONTRACTUAL	158,975,093	145,363,860	-9.36%	149,684,727	-6.21%
-1,558,849	-1,453,003	-1,558,849	-1,518,546	-2.65%	SUPPLEMENTAL PAYMENTS	-18,636,499	-16,704,011	-11.57%	-14,979,329	-24.41%
0	0	0	0	100.00%	PRIOR YEAR RECOVERIES	-243,579	0	100.00%	-2,497,743	
9,739,746	8,500,637	7,167,290	5,408,650	-32.52%	OTHER DEDUCTIONS	77,719,229	59,495,151	-30.63%	81,454,496	4.59%
0	188,266	0	0	0.00%	CHARITY WRITE OFFS	1,775,956	0	#DIV/0!	485,994	-265.43%
67,307	920,000	2,374,208	1,365,442	-73.88%	BAD DEBT PROVISION	10,019,679	15,019,861	33.29%	10,138,744	1.17%
-4,167		-4,167	-4,167	0.00%	INDIGENT CARE WRITE OFFS	-41,669	-45,837	9.09%	-29,169	42.85%
32,445,450	31,548,319	30,094,897	31,245,812	3.68%	TOTAL REVENUE DEDUCTIONS	352,270,001	343,703,931	-2.49%	342,403,378	-2.88%
14,219,625	14,155,608	13,536,521	13,874,082	-2.43%	NET PATIENT REVENUES	155,719,699	152,614,898	2.03%	152,486,063	-2.12%
69.5%	69.0%	69.0%	69.3%			69.3%	69.3%		69.2%	
					OTHER OPERATING REVENUE					
	0	0	4,167		GRANT REVENUES	32,748	45,834		0	#DIV/0!
652,244	311,185	332,393	461,008	-27.90%	OTHER	5,122,424	5,071,085	1.01%	4,832,793	5.99%
652,244	311,185	332,393	465,174	-28.54%	TOTAL OTHER REVENUE	5,155,172	5,116,919	0.75%	4,832,793	6.67%
14,871,869	14,466,793	13,868,914	14,339,256	-3.28%	TOTAL OPERATING REVENUE	160,874,871	157,731,817	1.99%	157,318,856	2.26%
					OPERATING EXPENSES					
6,387,757	6,278,514	6,897,151	6,644,202	-3.81%	SALARIES AND WAGES	68,631,861	73,198,277	6.24%	69,662,725	1.48%
2,248,047	844,172	1,427,406	1,735,873	17.77%	BENEFITS	18,351,964	19,094,605	3.89%	17,310,639	-6.02%
137,443	233,655	117,438	200,073	41.30%	REGISTRY & CONTRACT	1,878,267	2,278,802	17.58%	2,227,841	15.69%
8,773,246	7,356,342	8,441,995	8,580,148	1.61%	TOTAL STAFFING EXPENSE	88,862,092	94,571,685	6.04%	89,201,205	0.38%
1,545,708	1,435,269	1,315,079	1,352,842	2.79%	PROFESSIONAL FEES	17,230,361	14,881,263	-15.79%	14,866,757	-15.90%
1,597,725	1,678,334	1,148,855	1,703,891	32.57%	SUPPLIES	17,718,129	18,742,788	5.47%	18,001,417	1.57%
572,716	667,131	584,447	651,618	10.31%	PURCHASED SERVICES	7,062,164	7,167,791	1.47%	6,845,858	-3.16%
628,824	733,946	685,137	649,520	-5.48%	REPAIR & MAINTENANCE	6,858,846	7,146,415	4.02%	7,101,086	3.41%
371,466	305,281	371,466	260,135	-42.80%	DEPRECIATION & AMORT	3,714,674	3,177,049	-16.92%	3,333,219	-11.44%
227,251	222,120	221,936	246,806	10.08%	INSURANCE	2,749,827	2,714,863	-1.29%	2,525,086	-8.90%
228,320	207,916	231,102	202,342	-14.21%	HOSPITALIST PROGRAM	2,411,282	2,471,086	2.42%	2,273,295	-6.07%
557,220	1,008,868	988,121	894,578	-10.46%	OTHER	9,648,291	9,846,698	2.01%	9,349,404	-3.20%
14,502,477	13,615,206	13,988,138	14,541,878	3.81%	TOTAL OPERATING EXPENSES	156,255,666	160,719,638	2.78%	153,497,326	-1.80%
369,392	851,587	-119,224	-202,622	41.16%	TOTAL OPERATING MARGIN	4,619,205	-2,987,821	-254.60%	3,821,530	-20.87%
					NON OPER REVENUE(EXPENSE)					
66,411	16,003	44,734	121,307	-63.12%	OTHER NON-OP REV (EXP)	44,734	1,334,374	-96.65%	1,105,151	-95.95%
0	0		0	0.00%	FEMA FUNDS	-68,664	0	100.00%	0	0.00%
117,632	117,632	132,398	225,987	-41.41%	DISTRICT TAX REVENUES	2,210,846	2,485,857	-11.06%	1,349,049	63.88%
-51,144	-51,144	-51,144	-53,033	3.56%	INTEREST EXPENSE	2,160,085	-583,366	470.28%	-574,198	476.19%
132,899	82,491	125,988	294,260	-57.18%	TOTAL NON-OP REV (EXPENSE)	3,835,561	3,236,864	18.50%	1,880,002	104.02%
502,291	934,078	6,764	91,639	92.62%	NET EXCESS / (DEFICIT)	8,454,766	249,043	-3294.90%	5,701,532	-48.29%
1,105.49	1,011.14	849.69	846.91	-0.33%	TOTAL PAID FTE'S (Inc Reg & Cont.)	1,020.15	1,168.51	12.70%	1,202.28	15.15%
763.04	915.77	758.97	745.30	-1.83%	TOTAL WORKED FTE'S	884.61	916.95	3.53%	1,001.47	11.67%
15.28	21.06	9.76	20.26	51.82%	TOTAL CONTRACT FTE'S	15.73	21.35	26.34%	20.89	24.71%

IMPERIAL VALLEY HEALTHCARE DISTRICT
BALANCE SHEET AS OF MAY 31, 2026

	APRIL 2026	MAY 2026	MAY 2025
ASSETS			
CURRENT ASSETS			
CASH	$30,879,657	$27,295,719	$36,960,834
CASH - PEER ACCT	$0	$0	$0
CASH - NORIDIAN AAP FUNDS	$0	$0	$0
CASH - 3RD PRTY REPAYMENTS	-$435,703	-$435,703	$0
CDs - LAIF & CVB	$66,244	$66,244	$66,244
ACCOUNTS RECEIVABLE - PATIENTS	$118,727,081	$129,773,850	$103,756,392
LESS: ALLOWANCE FOR BAD DEBTS	$2,357,050	-$4,904,129	-$2,452,781
LESS: ALLOWANCE FOR CONTRACTUALS	-$75,980,253	-$77,738,302	-$78,747,142
NET ACCTS RECEIVABLE	$45,103,879	$47,131,419	$22,556,468
	37.99%	36.32%	21.74%
ACCOUNTS RECEIVABLE - OTHER	$20,824,622	$23,298,529	$29,233,588
COST REPORT RECEIVABLES	$59,499	-$3,030,094	$59,499
INVENTORIES - SUPPLIES	$3,641,408	$3,928,754	$3,351,533
PREPAID EXPENSES	$2,097,665	$1,921,934	$3,065,221
TOTAL CURRENT ASSETS	$102,237,270	$100,176,803	$95,293,387
OTHER ASSETS			
PROJECT FUND 2017 BONDS	$1,271,740	$1,353,057	$697,378
BOND RESERVE FUND 2017 BONDS	$968,373	$968,373	$968,353
LIMITED USE ASSETS	$12,028	$22,821	$10,512
NORIDIAN AAP FUNDS	$0	$0	$0
GASB87 LEASES	$60,529,359	$60,529,359	$64,931,450
OTHER ASSETS PROPERTY TAX PROCEEDS	$269,688	$269,688	$269,688
OTHER INVESTMENTS	$420,000	$420,000	$420,000
UNAMORTIZED BOND ISSUE COSTS			
TOTAL OTHER ASSETS	$63,471,189	$63,563,298	$67,297,381
PROPERTY, PLANT AND EQUIPMENT			
LAND	$6,883,276	$6,883,276	$2,633,026
BUILDINGS & IMPROVEMENTS	$63,870,530	$63,870,530	$63,118,597
EQUIPMENT	$69,382,554	$69,512,525	$66,155,591
CONSTRUCTION IN PROGRESS	$6,670,320	$6,929,785	$193,738
LESS: ACCUMULATED DEPRECIATION	-$106,893,737	-$107,265,203	-$103,082,212
NET PROPERY, PLANT, AND EQUIPMENT	$39,912,943	$39,930,912	$29,018,739
TOTAL ASSETS	$205,621,402	$203,671,013	$191,609,507

IMPERIAL VALLEY HEALTHCARE DISTRICT
BALANCE SHEET AS OF MAY 31, 2026

	APRIL 2026	MAY 2026	MAY 2025
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE - CASH REQUIREMENTS	$5,908,658	$3,971,028	$4,076,222
ACCOUNTS PAYABLE - ACCRUALS	$3,980,383	$3,446,682	$8,437,227
PAYROLL & BENEFITS PAYABLE - ACCRUALS	$5,100,814	$6,066,856	$7,255,560
COST REPORT PAYABLES & RESERVES	-$435,703	-$435,703	$0
NORIDIAN AAP FUNDS	$0	$0	$0
CURR PORTION- GO BONDS PAYABLE	$0	$0	$0
CURR PORTION- 2017 REVENUE BONDS PAYABLE	$335,000	$335,000	$0
INTEREST PAYABLE- GO BONDS	$1,917	$1,917	$1,917
INTEREST PAYABLE- 2017 REVENUE BONDS	$693,158	$746,288	$427,513
OTHER - TAX ADVANCE IMPERIAL COUNTY	$0	$0	$0
DEFERRED HHS CARES RELIEF FUNDS	$0	$0	$0
CURR PORTION- LEASE LIABILITIES(GASB 87)	$4,071,774	$4,071,774	$3,756,205
SKILLED NURSING OVER COLLECTIONS	$3,783,676	$3,995,088	$2,282,992
CURR PORTION- SKILLED NURSING CTR ADVANCE	$0	$0	$0
CURRENT PORTION OF LONG-TERM DEBT	$6,222,222	$6,222,222	$1,037,037
TOTAL CURRENT LIABILITIES	$29,661,899	$28,421,152	$27,274,672
LONG TERM DEBT AND OTHER LIABILITIES			
PMH RETIREMENT FUND - ACCRUAL	$358,199	$162,296	$658,000
NOTES PAYABLE - EQUIPMENT PURCHASES	$0	$0	$0
LOANS PAYABLE - DISTRESSED HOSP. LOAN	$21,777,778	$21,259,259	$26,962,963
LOANS PAYABLE - CHFFA NDPH	$0	$0	$0
BONDS PAYABLE G.O BONDS	$0	$0	$0
BONDS PAYABLE 2017 SERIES	$14,109,180	$14,107,195	$14,466,018
LONG TERM LEASE LIABILITIES (GASB 87)	$58,207,090	$58,207,090	$62,267,845
DEFERRED REVENUE -CHW	$0	$0	$0
DEFERRED PROPERTY TAX REVENUE	$275,438	$275,438	$275,438
TOTAL LONG TERM DEBT	$94,727,685.00	$94,011,279	$104,630,264
FUND BALANCE AND DONATED CAPITAL	$72,783,818	$72,783,818	$54,003,025
NET SURPLUS (DEFICIT) CURRENT YEAR	$8,448,001	$8,454,765	$5,701,546
TOTAL FUND BALANCE	$81,231,818	$81,238,583	$59,704,571
TOTAL LIABILITIES AND FUND BALANCE	$205,621,402	$203,671,013	$191,609,507

IMPERIAL VALLEY HEALTHCARE DISTRICT
STATEMENT OF REVENUE AND EXPENSE - 12 Month Trend

	1	2	3	4	5	6	7	8	9	10	11	12	YTD
	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Apr-26
ADJ PATIENT DAYS	3,714	4,647	4,044	4,407	3,843	3,835	4,616	5,099	5,048	5,454	4,636	4,369	53,516
INPATIENT DAYS	1,632	1,684	1,458	1,651	1,435	1,472	1,766	1,849	1,862	1,862	1,638	1,526	19,835
IP ADMISSIONS	538	555	500	518	486	519	591	544	535	535	515	520	6,356
IP AVERAGE DAILY CENSUS	54	54	47	55	48	49	57	60	67	60	55	49	655
GROSS PATIENT REVENUES													
INPATIENT REVENUE	19,132,498	16,407,174	15,807,716	17,579,003	18,708,455	16,577,828	17,717,202	17,454,567	16,698,885	16,606,443	16,486,563	15,238,537	204,414,871
DAILY HOSPITAL SERVICES	4,467,121	1,774,557	1,896,971	1,848,468	1,986,576	1,928,149	2,046,747	2,014,155	1,812,095	2,133,453	2,049,350	2,032,140	25,989,782
INPATIENT ANCILLARY	14,665,377	14,632,616	13,910,745	15,730,535	16,721,879	14,649,679	15,670,455	15,440,412	14,886,790	14,472,990	14,437,213	13,206,397	178,425,089
OUTPATIENT ANCILLARY	24,402,953	28,872,822	28,033,507	29,339,945	31,397,710	26,610,818	28,589,731	30,681,714	28,576,645	32,033,045	30,178,511	28,392,880	347,110,282
TOTAL PATIENT REVENUES	43,535,451	45,279,996	43,841,223	46,918,948	50,106,165	43,188,646	46,306,933	48,136,281	45,275,530	48,639,488	46,665,074	43,631,417	551,525,153
REVENUE DEDUCTIONS													
MEDICARE CONTRACTUAL	7,188,611	10,914,920	9,513,796	13,253,122	12,400,237	12,107,072	10,865,907	11,459,208	12,701,740	11,687,747	7,149,074	7,799,105	127,040,539
MEDICAL CONTRACTUAL	9,340,656	13,887,933	12,434,283	13,701,424	15,868,842	14,854,153	13,155,413	14,173,721	12,526,206	16,654,605	17,052,338	14,317,309	167,966,884
SUPPLEMENTAL PAYMENTS	-1,026,703	-1,322,496	8,526,807	-1,574,256	-1,573,242	-3,053,795	-1,558,849	-1,559,145	-1,558,849	-1,836,204	-1,558,849	-1,558,849	-9,654,430
PRIOR YEAR RECOVERIES	0	0	994,668	0	-243,579	0	0	0	0	0	0	0	751,089
OTHER DEDUCTIONS	6,006,617	6,876,265	-4,235	5,605,549	7,821,997	4,893,665	9,044,769	8,483,492	6,762,298	5,856,425	9,739,746	7,167,290	78,253,879
CHARITY WRITE OFFS	133,030	2,926	159,173	1,375,831	390,992	0	0	0	0	0	0	0	2,061,953
BAD DEBT PROVISION	650,079	872,185	-1,396,479	38,784	1,106,077	1,006,077	500,000	939,836	833,587	1,188,218	67,307	2,374,208	8,179,879
INDIGENT CARE WRITE OFFS	0	0	0	-4,167	-4,167	-4,167	-4,167	-4,167	-4,167	-4,167	-4,167	-4,167	-37,503
TOTAL REVENUE DEDUCTIONS	22,292,290	31,231,733	30,228,014	32,396,287	35,767,157	29,803,005	32,003,073	33,492,945	31,260,815	33,546,625	32,445,449	30,094,897	374,562,289
NET PATIENT REVENUES	21,243,161	14,048,263	13,613,209	14,522,661	14,339,008	13,385,641	14,303,860	14,643,336	14,014,715	15,092,863	14,219,625	13,536,520	176,962,864
	51.20%	68.97%	68.95%	69.05%	71.38%	69.01%	69.11%	69.58%	69.05%	68.97%	69.53%	68.98%	67.91%
OTHER OPERATING REVENUE													
GRANT REVENUES	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER	571,500	339,253	424,312	457,484	887,444	322,016	642,090	343,826	315,660	438,451	652,244	332,393	5,726,673
TOTAL OTHER REVENUE	571,500	339,253	424,312	457,484	887,444	322,016	642,090	343,826	315,660	438,451	652,244	332,393	5,726,673
TOTAL OPERATING REVENUE	21,814,661	14,387,516	14,037,521	14,980,145	15,226,452	13,707,657	14,945,950	14,987,162	14,330,375	15,531,314	14,871,869	13,868,914	182,689,537
OPERATING EXPENSES													
SALARIES AND WAGES	6,361,973	6,223,056	6,189,444	6,240,870	6,463,090	6,119,637	6,289,771	6,000,604	5,464,696	6,355,786	6,387,757	6,897,151	74,993,835
BENEFITS	1,692,653	1,346,466	1,436,464	1,241,463	1,598,931	1,838,087	1,727,228	1,494,165	1,678,127	2,315,581	2,248,047	1,427,406	20,044,617
REGISTRY & CONTRACT	149,099	191,671	114,483	157,463	183,055	183,990	184,189	205,392	232,175	170,968	137,443	117,438	2,027,366
TOTAL STAFFING EXPENSE	8,203,725	7,761,193	7,740,391	7,639,796	8,245,076	8,141,714	8,201,188	7,700,161	7,374,998	8,842,335	8,773,246	8,441,995	97,065,818
PROFESSIONAL FEES	3,832,524	1,562,084	1,733,156	1,691,793	1,474,067	1,353,338	1,713,260	1,665,655	1,722,820	1,453,400	1,545,708	1,315,079	21,062,884
SUPPLIES	1,854,283	1,711,274	1,555,753	1,562,601	1,893,608	1,529,212	1,620,743	1,452,740	1,942,921	1,702,698	1,597,725	1,148,855	19,572,413
PURCHASED SERVICES	719,599	601,430	680,238	693,069	730,849	728,043	675,807	644,794	593,279	557,492	572,716	584,447	7,781,762
REPAIR & MAINTENANCE	601,686	713,336	617,305	666,485	471,500	603,894	674,653	655,292	621,776	520,643	628,824	685,137	7,460,531
PHYSICIAN GUARANTEES	0	0		0	0	0	0	0	0	0	0	0	0
DEPRECIATION & AMORT	299,579	309,556	309,566	309,556	309,556	309,555	309,555	371,466	371,466	371,466	371,466	371,466	4,014,253
INSURANCE	58,380	246,647	286,130	292,266	273,371	326,217	223,636	207,264	227,964	217,145	227,251	221,936	2,808,207
HOSPITALIST PROGRAM	292,881	295,732	244,175	253,042	256,382	164,853	0	253,111	222,178	262,387	228,320	231,102	2,704,163
OTHER	1,741,873	879,760	908,378	989,919	1,170,707	849,319	948,025	616,764	840,324	899,754	557,220	988,121	11,390,164
TOTAL OPERATING EXPENSES	17,604,530	14,081,012	14,075,092	14,098,527	14,825,116	14,006,145	14,366,867	13,567,247	13,917,726	14,827,320	14,502,476	13,988,138	173,860,197
TOTAL OPERATING MARGIN	4,210,131	306,504	-37,571	881,618	401,336	-298,488	579,083	1,419,915	412,649	703,994	369,393	-119,225	8,829,341
NON OPER REVENUE(EXPENSE)													
OTHER NON-OPS REVENUE	94,548	-1,109,043	171,783	68,041	79,378	391,419	77,861	53,158	194,298	-61,970	66,411	44,734	70,618
FEMA FUNDS	0	715,753	0	0	0	0	0	0	0	0	0	0	715,753
DISTRICT TAX REVENUES	350,067	117,632	117,632	117,632	117,632	117,632	117,632	117,632	1,152,541	117,632	117,632	132,398	2,693,694
INTEREST EXPENSE	-51,144	-51,144	-51,144	-51,144	-51,144	-51,144	-51,144	-51,144	-51,144	-51,144	-51,144	-51,144	-613,728
CARES HHS/ FEMA RELIEF FUNDING	0	0	1,362,695	0	0	0	0	0	0	0	0	0	1,362,695
TOTAL NON-OPS REVENUE(EXPENSE)	393,471	-326,802	1,600,966	134,529	145,866	457,907	144,349	119,646	1,295,695	4,518	132,899	125,988	4,229,033
NET EXCESS / (DEFICIT)	4,603,602	-20,298	1,563,395	1,016,147	547,202	159,419	723,432	1,539,561	1,708,344	708,512	502,292	6,764	13,058,373
TOTAL PAID FTE'S (Inc Reg & Cont.)	1,129.64	1,191.95	1,276.95	954.26	1,017.98	1,107.43	1,195.88	1,290.19	1,359.90	928.31	1,105.49	849.69	1,117.31
TOTAL WORKED FTE'S	991.52	1,049.86	1,137.05	853.38	922.31	987.18	1,017.82	1,098.47	1,218.48	839.30	763.04	758.97	969.78
TOTAL CONTRACT FTE'S	15.28	19.86	14.68	16.53	17.51	18.53	18.77	19.23	22.88	16.49	15.28	9.76	17.07
PAID FTE'S - HOSPITAL	1,024.79	1,089.84	1,124.91	850.19	913.90	999.88	1,085.17	1,139.27	1,252.57	827.59	957.71	751.72	1,001.46
WKD FTE'S - HOSPITAL	900.06	960.18	1,003.78	762.67	831.61	896.47	933.80	975.26	1,127.18	751.52	638.65	668.15	870.78

Imperial Valley Healthcare District - Financial Indicators Report
(Based on Prior 12 Months Activities)
For The 12 Months Ending: May 31, 2026
excludes: GO bonds tax revenue, int exp and debt,

1. Debt Service Coverage Ratio

This ratio compares the total funds available to service debt compared to the debt plus interest due in a given year.

$$\text{Formula:} \quad \frac{\text{Cash Flow + Interest Expense}}{\text{Principal Payments Due + Interest}}$$

$$\text{DSCR} = \frac{\$17,686,342}{\$10,907,724} = \mathbf{1.62}$$

Recommendation: To maintain a debt service coverage of at least 1.20% x aggregate debt service per the 2017 Revenue Bonds covenant.

2. Days Cash on Hand Ratio

This ratio measures the number of days of average cash expenses that the hospital maintains in cash and marketable investments. (Note: The proformas ratios include long-term investments in this calculation:)

$$\text{Formula:} \quad \frac{\text{Cash + Marketable Securities}}{\dfrac{\text{Operating Expenses, Less Depreciation}}{365 \text{ Days}}}$$

$$\text{DCOHR} = \frac{\$26,926,260}{\dfrac{\$166,708,505}{365}} = \mathbf{59.0}$$

Recommendation: To maintain a days cash on hand ratio of at least 50 days per the 2017 Revenue Bonds covenant.

3. Long-Term Debt to Capitalization Ratio

This ratio compares long-term debt to the Hospital's long-term debt plus fund balances.

$$\text{Formula:} \quad \frac{\text{Long-term Debt}}{\text{Long-term Debt + Fund Balance (Total Capital)}}$$

$$\text{L.T.D.-C.R.} = \frac{\$103,867,541}{\$185,106,124} = \mathbf{56.1}$$

Recommendation: To maintain a long-term debt to capitalization ratio not to exceed 60.0%.

	Current Month 4/30/2026	Year-To-Date 10 Month 4/30/2026
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	6,764	8,454,766
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	$371,465	$3,714,675
(Increase)/Decrease in Net Patient Accounts Receivable	($2,027,541)	($18,067,479)
(Increase)/Decrease in Other Receivables	($2,473,907)	$6,551,025
(Increase)/Decrease in Inventories	($287,346)	($879,918)
(Increase)/Decrease in Pre-Paid Expenses	$175,731	$184,843
(Increase)/Decrease in Other Current Assets	$3,089,593	$6,322,747
Increase/(Decrease) in Accounts Payable	($1,937,630)	$305,901
Increase/(Decrease) in Notes and Loans Payable	($533,701)	($6,472,959)
Increase/(Decrease) in Accrued Payroll and Benefits	$966,042	($1,351,099)
Increase/(Decrease) in Accrued Expenses	$0	$0
Increase/(Decrease) in Patient Refunds Payable	$0	$0
Increase/(Decrease) in Third Party Advances/Liabilities	$0	$0
Increase/(Decrease) in Other Current Liabilities	$53,130	$5,333,903
Net Cash Provided by Operating Activities:	**(2,597,400)**	**$4,096,405**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	($389,436)	($7,952,654)
(Increase)/Decrease in Limited Use Cash and Investments	($10,793)	($21,034)
(Increase)/Decrease in Other Limited Use Assets	($81,317)	($893,400)
(Increase)/Decrease in Other Assets	$0	$0
Net Cash Used by Investing Activities	**($481,546)**	**($8,867,089)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Bond/Mortgage Debt	($1,985)	($21,838)
Increase/(Decrease) in Capital Lease Debt	($518,518)	($5,703,703)
Increase/(Decrease) in Other Long Term Liabilities	$15,511	$1,008,496
Net Cash Used for Financing Activities	**($504,992)**	**($4,717,045)**
(INCREASE)/DECREASE IN RESTRICTED ASSETS	**$0**	**$0**
Net Increase/(Decrease) in Cash	**($3,583,938)**	**($9,487,728)**
Cash, Beginning of Period	$30,510,198	$36,413,989
Cash, End of Period	**$26,926,260**	**$26,926,260**

Key Operating Indicators
May 2026

	Month			YTD		
	ACTUAL	BUDGET	PRIOR YR	ACTUAL	BUDGET	PRIOR YR
Volumes						
Admits	520	548	551	5,834	6,028	5,636
ICU	109	115	129	1,071	1,263	1,268
Med/Surgical	1,024	976	895	12,031	10,740	10,480
Newborn ICU	32	113	137	975	1,239	1,222
Pediatrics	51	66	90	667	727	774
Obstetrics	310	375	291	3,349	4,122	3,934
Total Patient Days	1,526	1,645	1,542	18,093	18,091	17,678
Adjusted Patient Days	4,369	3,818	3,686	49,606	41,987	41,313
Average Daily Census	49	53	50	54	54	53
Average Length of Stay	1.95	3.00	2.98	2.30	3.00	2.82
Deliveries	146	177	141	1,694	1,946	1,901
E/R Visits	3,675	3,668	3,678	40,919	40,347	42,384
Surgeries	254	295	287	2,573	3,242	3,643
Wound Care	235	137	242	3,106	1,509	3,182
Pioneers Health Center	2,341	2,461	2,599	27,575	27,070	29,451
Calexico Visits	919	873	923	10,792	9,607	10,522
Pioneers Children	629	839	749	7,622	9,233	8,267
Outpatients (non-ER/Clinics)	6,566	7,104	6,484	71,468	78,140	74,685
Surgical Health	62	62	69	628	685	608
Urology	246	328	270	2,768	3,604	3,687
WHAP	356	394	375	3,745	4,337	4,461
C-WHAP	449	518	599	5,549	5,702	4,262
CDLD	184	62	120	1,921	679	905
Skilled Nursing	2,204	2,435	2,192	23,756	26,784	24,143
FTE's						
Worked	758.97	745.30	915.77	884.61	916.95	1,001.47
Paid	849.69	846.91	1,011.14	1,020.15	1,168.51	1,202.28
Contract FTE's	9.76	20.26	21.06	15.73	21.35	20.89
FTE's APD (Worked)	5.38	6.05	7.70	5.97	7.32	8.12
FTE's APD (Paid)	6.03	6.88	8.51	6.89	9.32	9.75
Net Income						
Operating Revenues	13,868,914	14,339,256	14,466,793	160,874,871	$157,731,818	157,318,856
Operating Margin	(119,224)	(202,622)	851,587	4,619,205	-$2,987,821	3,821,530
Operating Margin %	-0.9%	-1.4%	5.9%	2.9%	-1.9%	2.4%
Total Margin	6,764	91,639	934,078	8,454,766	$249,043	5,701,532
Total Margin %	0.0%	0.6%	6.5%	5.3%	0.2%	3.6%

Exhibit A - May 2026

Key Volume Stats -Trend Analysis

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	YTD
Deliveries														
Actual	151	167	153	167	139	172	159	137	162	141	146	0	1,694	1,694
Budget	162	181	195	171	187	200	162	156	178	177	177	177	2,123	1,946
Prior FY 2025	152	167	184	159	167	170	148	169	178	266	141	110	2,201	1,901
E/R Visits														
Actual	3,297	3,346	3,710	3,318	3,605	3,849	4,154	4,062	4,263	3,640	3,675	0	40,919	40,919
Budget	3,509	3,338	3,463	3,408	3,629	4,624	3,804	3,442	3,794	3,668	3,668	3,668	44,015	40,347
Prior FY 2025	3,728	3,498	3,597	3,590	3,817	4,803	4,125	3,654	4,055	3,839	3,678	3,285	43,064	42,384
Surgeries														
Total Actual	261	258	236	222	189	186	197	211	271	288	254	0	2,573	2,573
Total Budget	335	309	275	295	301	331	312	219	275	295	295	295	3,537	3,242
Prior FY 2025	312	403	369	452	323	304	366	251	299	277	287	233	3,510	3,643
Calexico														
Actual	1,124	961	1,002	914	900	958	974	986	1,021	1,033	919	0	10,792	10,792
Budget	722	760	831	906	776	891	957	944	1,074	873	873	873	10,480	9,607
Prior FY 2025	621	675	829	915	1,119	1,232	1,012	948	1,074	1,174	923	1,034	11,556	10,522
Pioneers Health Center														
Actual	2,654	2,539	2,630	2,251	2,269	2,485	2,552	2,506	2,641	2,707	2,341	0	27,575	27,575
Budget	2,186	2,396	2,320	2,678	2,377	2,305	2,809	2,483	2,594	2,461	2,461	2,461	29,531	27,070
Prior FY 2025	1,937	2,115	2,308	2,688	3,473	3,496	2,856	2,580	2,744	2,655	2,599	2,584	32,035	29,451
Pioneers Children														
Actual	660	734	766	622	573	673	754	748	722	741	629	0	7,622	7,622
Budget	723	799	846	906	858	881	905	798	839	839	839	839	10,072	9,233
Prior FY 2025	358	376	765	841	1,009	984	878	734	845	728	749	659	8,926	8,267
Outpatients														
Actual	6,548	6,085	6,669	5,825	5,974	6,617	6,933	6,399	7,209	6,643	6,566	0	71,468	71,468
Budget	7,094	6,949	7,889	7,775	5,951	6,154	7,941	7,663	6,516	7,104	7,104	7,104	85,244	78,140
Prior FY 2025	6,314	6,270	6,378	6,780	6,531	7,619	7,471	6,911	6,961	6,966	6,484	6,092	80,777	74,685
Wound Care														
Actual	297	281	272	323	237	272	280	303	325	281	235	0	3,106	3,106
Budget	197	160	118	122	119	136	167	112	104	137	137	137	1,646	1,509
Prior FY 2025	270	327	332	326	251	258	293	304	287	292	242	270	3,452	3,182
WHAP														
Actual	378	373	383	324	276	327	321	281	357	369	356	0	3,745	3,745
Budget	378	513	392	415	391	379	425	320	336	394	394	394	4,731	4,337
Prior FY 2025	330	443	388	414	688	362	427	325	342	367	375	369	4,830	4,461
C-WHAP														
Actual	738	657	651	424	403	414	362	383	529	539	449	0	5,549	5,549
Budget	465	457	588	610	558	583	581	379	445	518	518	518	6,220	5,702
Prior FY 2025	131	95	365	403	552	400	425	441	432	419	599	588	4,850	4,262

IMPERIAL VALLEY HEALTHCARE DISTRICT
STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING MAY 31, 2026

ECRMC LAST YEAR ACTUAL MAY	IVHD LAST YEAR ACTUAL MAY	CONSOL. LAST YEAR ACTUAL MAY	ECRMC THIS MONTH ACTUAL MAY	IVHD THIS MONTH ACTUAL MAY	CONSOL. THIS MONTH ACTUAL MAY		ECRMC FYTD ACTUAL MAY	IVHD FYTD ACTUAL MAY	CONSOL. FYTD ACTUAL MAY	ECRMC FYTD PRIOR YEAR MAY	IVHD FYTD PRIOR YEAR MAY	CONSOL. FYTD PRIOR YEAR MAY
						GROSS PATIENT REVENUES						
17,944,013	19,122,305	37,066,318	14,054,137	15,238,537	29,292,674	INPATIENT REVENUE	172,054,701	185,282,371	357,337,072	189,603,139	211,764,346	401,367,485
43,804,077	26,581,622	70,385,699	39,369,511	28,392,880	67,762,392	OUTPATIENT REVENUE	474,231,367	322,707,328	796,938,695	496,283,734	283,125,095	779,408,829
61,748,090	45,703,927	107,452,017	53,423,648	43,631,417	97,055,065	TOTAL PATIENT REVENUES	646,286,068	507,989,700	1,154,275,767	685,886,873	494,889,441	1,180,776,314
			43,743,106			REVENUE DEDUCTIONS						
21,320,358	10,173,409	31,493,767	19,340,215	7,938,748	27,278,963	MEDICARE CONTRACTUAL	183,033,727	122,841,434	305,875,161	243,089,266	118,145,658	361,234,924
1,528,739	13,219,010	14,747,749	1,383,416	14,617,814	16,001,231	MEDICAL CONTRACTUAL	20,877,528	159,275,599	180,153,127	25,191,173	149,684,727	174,875,900
-1,341,750	-1,453,003	-2,794,753	-2,112,818	-1,558,849	-3,671,667	SUPPLEMENTAL PAYMENTS	-20,577,912	-18,636,499	-39,214,411	-18,047,278	-14,979,329	-33,026,607
0	0	0	0	0	0	PRIOR YEAR RECOVERIES	0	-243,579	-243,579	0	-2,497,743	-2,497,743
25,376,097	8,500,637	33,876,734	23,019,474	6,727,143	29,746,617	OTHER DEDUCTIONS	323,294,884	77,279,081	400,573,964	286,591,203	81,454,496	368,045,699
-35,196	188,266	153,070	0	0	0	CHARITY WRITE OFFS	361,064	1,775,956	2,137,020	1,500,550	485,994	1,986,544
740,445	920,000	1,660,445	67,021	2,374,208	2,441,229	BAD DEBT PROVISION	2,833,049	10,019,679	12,852,728	7,069,667	10,138,744	17,208,411
0		0	-613	-4,167	-4,780	INDIGENT CARE WRITE OFFS	-1,242	-41,669	-42,911	0	-29,169	-29,169
47,588,692	31,548,319	79,137,011	41,696,696	30,094,897	71,791,593	TOTAL REVENUE DEDUCTIONS	509,821,098	352,270,001	862,091,099	545,394,580	342,403,378	887,797,958
14,159,398	14,155,608	28,315,006	11,726,952	13,536,521	25,263,473	NET PATIENT REVENUES	136,464,970	155,719,699	292,184,669	140,492,293	152,486,063	292,978,356
77.1%	69.0%		78.0%	69.0%			78.9%	69.3%		79.5%	69.2%	
						OTHER OPERATING REVENUE						
0	0	0	0	0	0	GRANT REVENUES	0	32,748	32,748	0	0	0
308,930	311,185	620,115	253,232	332,393	585,626	OTHER	3,478,384	5,122,424	8,600,808	4,131,981	4,832,793	8,964,774
308,930	311,185	620,115	253,232	332,393	585,626	TOTAL OTHER REVENUE	3,478,384	5,155,172	8,633,556	4,131,981	4,832,793	8,964,774
14,468,328	14,466,793	28,935,120	11,980,184	13,868,914	25,849,098	TOTAL OPERATING REVENUE	139,943,354	160,874,871	300,818,225	144,624,274	157,318,856	301,943,130
						OPERATING EXPENSES						
5,242,402	6,278,514	11,520,916	5,118,673	6,897,151	12,015,824	SALARIES AND WAGES	57,682,894	68,631,861	126,314,755	62,573,009	69,662,725	132,235,734
1,908,403	844,172	2,752,575	1,489,117	1,427,406	2,916,523	BENEFITS	15,996,921	18,351,964	34,348,885	18,607,809	17,310,639	35,918,448
30,096	233,655	263,751	3,117	117,438	120,555	REGISTRY & CONTRACT	143,978	1,878,267	2,022,245	394,141	2,227,841	2,621,982
7,180,901	7,356,342	14,537,243	6,610,907	8,441,995	15,052,901	TOTAL STAFFING EXPENSE	73,823,793	88,862,092	162,685,885	81,574,959	89,201,205	170,776,164
943,386	1,435,269	2,378,655	1,064,042	1,315,079	2,379,121	PROFESSIONAL FEES	12,498,621	17,230,361	29,728,982	11,750,968	14,866,757	26,617,725
2,648,797	1,678,334	4,327,131	2,560,483	1,148,855	3,709,338	SUPPLIES	29,647,195	17,718,129	47,365,325	31,089,659	18,001,417	49,091,076
186,030	667,131	853,161	239,976	584,447	824,422	PURCHASED SERVICES	2,150,953	7,062,164	9,213,116	2,608,378	6,845,858	9,454,236
607,697	733,946	1,341,643	590,473	685,137	1,275,610	REPAIR & MAINTENANCE	6,683,474	6,858,846	13,542,320	8,064,499	7,101,086	15,165,585
630,565	305,281	935,846	630,932	371,466	1,002,398	DEPRECIATION & AMORT	5,709,567	3,714,674	9,424,241	7,410,063	3,333,219	10,743,282
136,232	222,120	358,352	110,831	221,936	332,768	INSURANCE	1,896,519	2,749,827	4,646,346	2,066,872	2,525,086	4,591,958
321,431	207,916	529,347	304,343	231,102	535,445	HOSPITALIST PROGRAM	3,170,055	2,411,282	5,581,337	3,214,310	2,273,295	5,487,605
948,801	1,008,868	1,957,669	930,696	988,121	1,918,817	OTHER	10,639,751	9,648,291	20,288,042	11,813,726	9,349,404	21,163,130
13,603,840	13,615,206	27,219,046	13,042,682	13,988,138	27,030,821	TOTAL OPERATING EXPENSES	146,219,928	156,255,666	302,475,594	159,593,434	153,497,326	313,090,760
864,488	851,587	1,716,075	-1,062,498	-119,224	-1,181,723	TOTAL OPERATING MARGIN	-6,276,574	4,619,205	-1,657,370	-14,969,160	3,821,530	-11,147,630
						NON OPER REVENUE(EXPENSE)						
52,028	16,003	68,031	-6,222,222	44,734	-6,177,488	OTHER NON-OP REV (EXP)	6,222,222	-23,931	6,198,291	2,399,544	1,105,151	3,504,695
0	0	0	0		0	FEMA FUNDS	0	2,078,447	2,078,447	0	0	0
0	117,632	117,632	0	132,398	132,398	DISTRICT TAX REVENUES	0	2,343,627	2,343,627	0	1,349,049	1,349,049
592,618	-51,144	541,474	550,186	-51,144	499,042	INTEREST EXPENSE	-5,814,562	562,583	-6,377,145	7,133,998	-574,198	6,559,800
-540,590	82,491	-458,099	-5,672,036	125,988	-5,546,048	TOTAL NON-OP REV (EXPENSE)	407,660	3,835,560	4,243,220	-4,734,454	1,880,002	-2,854,452
323,898	934,078	1,257,976	4,609,538	6,764	4,616,302	NET EXCESS / (DEFICIT)	-5,868,914	8,454,766	2,585,850	-19,703,614	5,701,532	-14,002,082
2,266,681	1,290,503	3,557,184	6,501,233	429,374	6,930,607	EBIDA	13,533,546	11,606,857	25,140,403	1,612,576	9,608,949	11,221,525

IMPERIAL VALLEY HEALTHCARE DISTRICT
BALANCE SHEET AS OF MAY 31, 2026

	ECRMC APRIL 2026	IVHD APRIL 2026	CONSOL. APRIL 2026	ECRMC MAY 2026	IVHD MAY 2026	CONSOL. MAY 2026	ECRMC MAY 2025	IVHD MAY 2025	CONSOL. MAY 2025
ASSETS									
CURRENT ASSETS									
CASH	$3,274,898	$30,879,657	$34,154,555	$4,255,484	$27,295,719	$31,551,203	$8,065,232	$36,960,834	$45,026,066
CASH - 3RD PRTY REPAYMENTS	$0	-$435,703	-$435,703	$0	-$435,703	-$435,703	$0	$0	$0
CDs - LAIF & CVB	$0	$66,244	$66,244	$0	$66,244	$66,244	$0	$66,244	$66,244
ACCOUNTS RECEIVABLE - PATIENTS	$21,757,837	$118,727,081	$140,484,918	$20,813,834	$129,773,850	$150,587,684	$22,761,702	$103,756,392	$126,518,094
LESS: ALLOWANCE FOR BAD DEBTS	$0	$2,357,050	$2,357,050	$0	-$4,904,129	-$4,904,129	$0	-$2,452,781	-$2,452,781
LESS: ALLOWANCE FOR CONTRACTUALS	$0	-$77,180,253	-$77,180,253	$0	-$77,738,302	-$77,738,302	$0	-$78,747,142	-$78,747,142
NET ACCTS RECEIVABLE	$21,757,837	$45,103,878	$66,861,715	$20,813,834	$47,131,419	$67,945,253	$22,761,702	$22,556,468	$45,318,170
ACCOUNTS RECEIVABLE - OTHER	$18,312,005	$20,824,622	$39,136,627	$25,016,557	$23,298,529	$48,315,086	$7,006,834	$29,233,588	$36,240,422
COST REPORT RECEIVABLES	$0	$59,499	$59,499	$0	-$3,030,094	-$3,030,094	$0	$59,499	$59,499
INVENTORIES - SUPPLIES	$2,917,066	$3,641,408	$6,558,474	$2,936,829	$3,928,754	$6,865,583	$2,760,034	$3,351,533	$6,111,567
PREPAID EXPENSES	$3,192,160	$2,097,665	$5,289,825	$1,760,148	$1,921,934	$3,682,082	$2,785,188	$3,065,221	$5,850,409
TOTAL CURRENT ASSETS	$49,453,965	$102,237,270	$151,691,235	$54,782,852	$100,176,802	$154,959,654	$43,378,990	$95,293,387	$138,672,377
OTHER ASSETS									
PROJECT FUND 2017 BONDS	$0	$1,271,740	$1,271,740	$0	$1,353,057	$1,353,057	$0	$697,378	$697,378
BOND RESERVE FUND 2017 BONDS	$0	$968,373	$968,373	$0	$968,373	$968,373	$0	$968,353	$968,353
LIMITED USE ASSETS	$13,037,123	$12,028	$13,049,151	$13,711,275	$22,821	$13,734,096	$13,445,574	$10,512	$13,456,086
GASB87 LEASES	$0	$60,529,359	$60,529,359	$0	$60,529,359	$60,529,359	$0	$64,931,450	$64,931,450
OTHER ASSETS PROPERTY TAX PROCEEDS	$0	$269,688	$269,688	$0	$269,688	$269,688	$0	$269,688	$269,688
OTHER INVESTMENTS	$748,741	$420,000	$1,168,741	$748,741	$420,000	$1,168,741	$932,166	$420,000	$1,352,166
TOTAL OTHER ASSETS	$13,785,864	$63,471,188	$77,257,052	$14,460,016	$63,563,298	$78,023,314	$14,377,740	$67,297,381	$81,675,121
PROPERTY, PLANT AND EQUIPMENT									
LAND	$1,773,456	$6,883,276	$8,656,732	$1,773,456	$6,883,276	$8,656,732	$1,768,274	$2,633,026	$4,401,300
BUILDINGS & IMPROVEMENTS	$213,550,295	$63,870,530	$277,420,825	$205,211,039	$63,870,530	$269,081,569	$212,926,298	$63,118,597	$276,044,896
EQUIPMENT	$86,038,423	$69,382,554	$155,420,977	$92,175,220	$69,512,525	$161,687,745	$85,787,018	$66,155,591	$151,942,608
CONSTRUCTION IN PROGRESS	$954,184	$6,670,320	$7,624,504	$3,203,613	$6,929,785	$10,133,398	$951,396	$193,738	$1,145,134
LESS: ACCUMULATED DEPRECIATION	-$145,359,239	-$106,893,737	-$252,252,976	-$145,999,380	-$107,265,203	-$253,264,583	-$144,934,497	-$103,082,212	-$248,016,710
NET PROPERY, PLANT, AND EQUIPMENT	$156,957,120	$39,912,943	$196,870,063	$156,363,947	$39,930,913	$196,294,860	$156,498,489	$29,018,739	$185,517,228
TOTAL ASSETS	$220,196,949	$205,621,401	$425,818,350	$225,606,815	$203,671,013	$429,277,828	$214,255,219	$191,609,507	$405,864,726
LIABILITIES AND FUND BALANCES									
CURRENT LIABILITIES									
ACCOUNTS PAYABLE - CASH REQUIREMENTS	$0	$5,908,658	$5,908,658	$0	$3,971,028	$3,971,028	$0	$4,076,222	$4,076,222
ACCOUNTS PAYABLE - ACCRUALS	$29,470,752	$3,980,383	$33,451,135	$28,705,227	$3,446,682	$32,151,909	$24,903,669	$8,437,227	$33,340,896
PAYROLL & BENEFITS PAYABLE - ACCRUALS	$9,942,781	$5,100,814	$15,043,595	$11,195,724	$6,066,856	$17,262,580	$10,874,306	$7,255,560	$18,129,866
COST REPORT PAYABLES & RESERVES	$0	-$435,703	-$435,703	$0	-$435,703	-$435,703	$0	$0	$0
CURR PORTION- 2017 REVENUE BONDS PAYABLE	$0	$335,000	$335,000	$0	$335,000	$335,000	$0	$0	$0
INTEREST PAYABLE- GO BONDS	$0	$1,917	$1,917	$0	$1,917	$1,917	$0	$1,917	$1,917
INTEREST PAYABLE- 2017 REVENUE BONDS	$0	$693,158	$693,158	$0	$746,288	$746,288	$0	$427,513	$427,513
CURR PORTION- LEASE LIABILITIES(GASB 87)	$0	$4,071,774	$4,071,774	$0	$4,071,774	$4,071,774	$0	$3,756,205	$3,756,205
SKILLED NURSING OVER COLLECTIONS	$0	$3,783,674	$3,783,674	$0	$3,995,088	$3,995,088	$0	$2,282,992	$2,282,992
CURRENT PORTION OF LONG-TERM DEBT	$0	$6,222,222	$6,222,222	$0	$6,222,222	$6,222,222	$2,041,857	$1,037,037	$3,078,894
TOTAL CURRENT LIABILITIES	$39,413,533	$29,661,897	$69,075,430	$39,900,950	$28,421,152	$68,322,102	$37,819,832	$27,274,672	$65,094,504
LONG TERM DEBT AND OTHER LIABILITIES									
PMH RETIREMENT FUND - ACCRUAL	$0	$358,199	$358,199	$0	$162,296	$162,296	$0	$658,000	$658,000
LOANS PAYABLE - DISTRESSED HOSP. LOAN	$0	$21,777,778	$21,777,778	$0	$21,259,259	$21,259,259	$28,000,000	$26,962,963	$54,962,963
BONDS PAYABLE 2017 SERIES	$112,223,331	$14,109,180	$126,332,511	$112,127,063	$14,107,196	$126,234,259	$111,817,335	$14,466,018	$126,283,353
LONG TERM LEASE LIABILITIES (GASB 87)	$4,280,884	$58,207,090	$62,487,974	$4,129,125	$58,207,089	$62,336,214	$5,971,374	$62,267,845	$68,239,219
PENSION LIABILITY	$57,168,353	$0	$57,168,353	$61,878,930	$0	$61,878,930	$52,193,361	$0	$52,193,361
DEFERRED PROPERTY TAX REVENUE	$0	$275,438	$275,438	$0	$275,438	$275,438	$0	$275,438	$275,438
TOTAL LONG TERM DEBT	$173,672,567	$94,727,685	$268,400,252	$178,135,118	$94,011,278	$272,146,396	$197,982,070	$104,630,264	$302,612,334
FUND BALANCE AND DONATED CAPITAL	$17,601,599	$72,783,818	$90,385,417	$13,439,661	$72,783,818	$86,223,478	$26,348	$54,003,025	$54,029,373
NET SURPLUS (DEFICIT) CURRENT YEAR	-$10,490,751	$8,448,001	-$2,042,750	-$5,868,914	$8,454,765	$2,585,851	-$21,573,031	$5,701,546	-$15,871,485
TOTAL FUND BALANCE	$7,110,848	$81,231,819	$88,342,667	$7,570,747	$81,238,583	$88,809,329	-$21,546,683	$59,704,571	$38,157,888
TOTAL LIABILITIES AND FUND BALANCE	$220,196,949	$205,621,401	$425,818,350	$225,606,815	$203,671,013	$429,277,828	$214,255,219	$191,609,507	$405,864,726

IMPERIAL VALLEY HEALTHCARE DISTRICT
11 Months 5/31/2026

	ECRMC Current Month 5/31/2026	IVHD Current Month 5/31/2026	CONSOL. Current Month 5/31/2026	ECRMC Year-To-Date 11 Month 5/31/2026	IVHD Year-To-Date 11 Month 5/31/2026	CONSOL. Year-To-Date 11 Months 5/31/2026
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net Income (Loss)	4,614,911	6,764	4,621,675	(5,868,914)	8,454,766	2,585,852
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:						
Depreciation	$640,142	$371,465	$1,011,607	$5,078,636	$3,714,675	$8,793,311
(Increase)/Decrease in Net Patient Accounts Receivable	$950,929	($2,027,541)	($1,076,612)	$1,998,314	($18,067,479)	($16,069,166)
(Increase)/Decrease in Other Receivables	($6,704,810)	($2,473,907)	($9,178,717)	($9,839,369)	$6,551,025	($3,288,344)
(Increase)/Decrease in Inventories	($19,763)	($287,346)	($307,109)	($187,842)	($879,918)	($1,067,760)
(Increase)/Decrease in Pre-Paid Expenses	$1,432,012	$175,731	$1,607,743	($635,305)	$184,843	($450,462)
(Increase)/Decrease in Other Current Assets	$0	$3,089,593	$3,089,593	$0	$6,322,747	$6,322,747
Increase/(Decrease) in Accounts Payable	$0	($1,937,630)	($1,937,630)	$0	$305,901	$305,901
Increase/(Decrease) in Notes and Loans Payable	($765,269)	($533,701)	($1,298,970)	$4,332,576	($6,472,959)	($2,140,384)
Increase/(Decrease) in Accrued Payroll and Benefits	$1,252,943	$966,042	$2,218,985	$522,375	($1,351,099)	($828,724)
Increase/(Decrease) in Accrued Expenses	$0	$0	$0	$0	$0	$0
Increase/(Decrease) in Patient Refunds Payable	$0	$0	$0	$0	$0	$0
Increase/(Decrease) in Third Party Advances/Liabilities	$0	$0	$0	$0	$0	$0
Increase/(Decrease) in Other Current Liabilities	$0	$53,130	$53,130	$0	$5,333,903	$5,333,903
Net Cash Provided by Operating Activities:	**1,401,095**	**(2,597,400)**	**(1,196,305)**	**($4,599,530)**	**$4,096,405**	**(503,125)**
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of property, plant and equipment	($46,969)	($389,436)	($436,405)	$44,083	($7,952,654)	($7,908,572)
(Increase)/Decrease in Limited Use Cash and Investments	($674,152)	($10,793)	($684,945)	($410,197)	($21,034)	($431,231)
(Increase)/Decrease in Other Limited Use Assets	($151,759)	($81,317)	($233,076)	($2,130,674)	($893,400)	($3,024,075)
(Increase)/Decrease in Other Assets	$0	$0	$0	$0	$0	$0
Net Cash Used by Investing Activities	**($872,880)**	**($481,546)**	**($1,354,426)**	**($2,496,789)**	**($8,867,089)**	**($11,363,877)**
CASH FLOWS FROM FINANCING ACTIVITIES:						
Increase/(Decrease) in Bond/Mortgage Debt	($96,267)	($1,985)	($98,252)	($998,942)	($21,838)	($1,020,779)
Increase/(Decrease) in Capital Lease Debt	$0	($518,518)	($518,518)	$0	($5,703,703)	($5,703,703)
Increase/(Decrease) in Other Long Term Liabilities	$4,710,578	$15,511	$4,726,089	$8,447,450	$1,008,496	$9,455,946
Net Cash Used for Financing Activities	**$4,614,310**	**($504,992)**	**$4,109,318**	**$7,448,509**	**($4,717,045)**	**$2,731,464**
(INCREASE)/DECREASE IN RESTRICTED ASSETS	**($4,161,938)**	**$0**	**($4,161,938)**	**($4,161,938)**	**$0**	**($4,161,938)**
Net Increase/(Decrease) in Cash	**$980,587**	**($3,583,938)**	**($2,603,351)**	**($3,809,748)**	**($9,487,728)**	**($13,297,476)**
Cash, Beginning of Period	$3,274,898	$30,510,198	$33,785,096	$8,065,232	$36,413,989	$44,479,221
Cash, End of Period	**$4,255,484**	**$26,926,260**	**$31,181,744**	**$4,255,484**	**$26,926,260**	**$31,181,744**

Imperial Valley Healthcare District

BOARD MEETING DATE: June 22, 2026

SUBJECT:

Approval is requested for the Neurology telemedicine service agreement between CEP America-Neurology, PC dba Vituity, and Imperial Valley Healthcare District.

BACKGROUND:

IVHD seeks to establish a Neurology Telemedicine Services Agreement with CEP America Neurology, PC dba Vituity to provide 24/7 access to board-certified neurologists for emergency department and inpatient consultations. The service will support the timely evaluation, diagnosis, and treatment of patients presenting with acute neurological conditions, including stroke, seizure disorders, altered mental status, and other neurologic emergencies. The program is intended to enhance access to specialty care, improve clinical outcomes, support evidence-based treatment decisions, and reduce delays in care associated with limited local neurology coverage

KEY ISSUES:

- Comprehensive evaluation of available tele-neurology providers was conducted, including TeleSpecialists and UC San Diego Health.
- Vituity was selected based on overall value, service offerings, responsiveness, implementation timeline, and cost-effectiveness.
- The District currently maintains a successful relationship with Vituity for Emergency Department physician services, providing an established operational partnership and streamlined communication processes. Selection of Vituity supports continuity of provider relationships and operational alignment during the District's pending organizational integration activities.
- The agreement provides predictable annual costs while ensuring specialty coverage that would be difficult and significantly more expensive to recruit and maintain through onsite physician staffing.

CONTRACT VALUE:

Annual Contract Cost: $109, 500 ($300 x 365)
One-Time Implementation Fee: $7,500

Services	Descriptions	Availability	Price
Emergency Department (ED) and Inpatient Acute/Emergency Neurology Telemedicine Services	ED and Inpatient Acute/Emergency Telemedicine Services: Physicians experienced in acute stroke care and other neurological emergencies are available to provide remote consultations, direction and evaluation of ED patients and inpatients in need of acute neurology medical diagnosis or treatment	24 hours per day, 7 days a week, 365 days per year	$300 per day for up to 30 patient consults. Consults above 30 will be invoiced at the rate of $350 per consult.
Start Up Fee	The Start Up Fee applies to Vituity's implementation, training, and operational costs associated with successfully launching Telemedicine Services.	N/A	$7,500 one-time fee

Imperial Valley Healthcare District

CONTRACT TERM: One-year term

BUDGETED: No

BUDGET CLASSIFICATION: Professional Services Fees

RESPONSIBLE ADMINISTRATOR: Carol Bojorquez, CNO

DATE SUBMITTED TO LEGAL: 6/4/2026 **REVIEWED BY LEGAL:** [x] Yes [ ] No

FIRST OR SECOND SUBMITTAL: [x] 1st [ ] 2nd

RECOMMENDED ACTION:

That the Board of Directors authorize the Chief Executive Officer to execute the Neurology Telemedicine Services Agreement between CEP America–Neurology, PC dba Vituity and Imperial Valley Healthcare District for a one-year term, with a total first-year cost not to exceed $124,500, to provide 24/7 neurology telemedicine consultation services for emergency department and inpatient patients.

NEUROLOGY TELEMEDICINE SERVICES AGREEMENT

This NEUROLOGY TELEMEDICINE SERVICES AGREEMENT ("Agreement"), entered into effective [FILL IN DATE] ("Effective Date"), is by and between Imperial Valley Healthcare District ("Hospital") and CEP AMERICA-NEUROLOGY, PC, a California professional corporation d/b/a Vituity ("Vituity").

W I T N E S S E T H:

WHEREAS, Hospital owns and operates Pioneers Memorial Hospital, a duly licensed acute care hospital located in Brawley, California at which certain of its patients require acute neurology services; and

WHEREAS, Vituity is a provider, through its physicians, of professional neurology telemedicine services; and

WHEREAS, Hospital desires to ensure and facilitate the highest level of neurology consultation to patients meeting specific criteria and presenting at designated locations, and in furtherance thereof, wishes to have Vituity physicians be the exclusive provider of acute telemedicine neurology consultations to patients of Hospital ("Telemedicine Services"), using appropriate Hospital equipment, and Vituity desires to provide such services.

NOW, THEREFORE, in consideration of the mutual agreements set forth below, the parties agree as follows:

1. **Definitions**. For the purposes of this Agreement, the following terms shall have the following meanings.

1.1 **"Agreement"** means this Telemedicine Services Agreement between Hospital and Vituity including attached Exhibit and Schedule, which are incorporated herein by reference, and any other attachments, amendments or addenda hereto.

1.2 **"Hospital Services"** means the health care services provided by Hospital.

1.3 **"Physician"** means all properly qualified physicians in the specialty of neurology that are licensed to provide such services under State law, credentialed by Hospital as participating telemedicine providers and who may provide Telemedicine Services under the terms of this Agreement.

1.4 **"Telemedicine Equipment"** means all equipment necessary to enable the provision of Telemedicine Services.

1.5 **"Telemedicine Services"** has the meaning set forth above.

1.6 **"State"** means the State of California.

1.7 **"Term"** means the initial and any renewal periods of this Agreement, as further described in Section 5.

2. **Telemedicine Services Provided by Vituity**

2.1 **Services**. Vituity will provide the professional neurology Telemedicine Services set forth on Exhibit 6.1.1.

2.2 **Coverage**. Vituity agrees to provide Physicians to provide the Telemedicine Services, using Telemedicine Equipment, to patients at Hospital. One or more Physicians (at Vituity's discretion) will be available for telemedicine consultations as agreed by the parties.

2.2.1 Credentialing Necessary for Coverage. Hospital acknowledges and agrees that all Availability set forth in Exhibit 6.1.1 are dependent upon a sufficient number of Physicians, as determined by Vituity, being credentialed by Hospital as of the Agreement Effective Date. Furthermore, Hospital acknowledges and agrees that should Vituity determine, after the Effective Date, that additional physicians need to be credentialed to provide sufficient coverage of Telemedicine Services, Hospital agrees to credential such physicians within 90 days of receiving all required documentation from Vituity. Hospital recognizes that any failure by Hospital to credential Physicians in a timely manner in accordance with this section may result in the inability of Vituity to meet the Availability set forth in Exhibit 6.1.1. Therefore, the parties agree that any failure by Hospital to timely credential a sufficient number of Physicians that impacts Vituity's ability to provide Telemedicine Services as set forth in Exhibit 6.1.1 will not under any conditions be considered a breach of this Agreement provided that Vituity has timely submitted all required credentialing documentation in complete and accurate form and has cooperated in good faith with Hospital's credentialing process.

Commented [1]: Exhibit 6.1.1 is referenced three times in this paragraph. It is the only exhibit to the agreement, but the number 6.1.1 infers there are other exhibits. Please confirm the numbering is correct and appropriate.

Commented [ED2R1]: Yes, it is correct. It aligns with Section 6.1. If you prefer to rename it, that is fine.

2.2.2 Service Level Standards.

(a) Response Time. Vituity shall ensure that a Physician initiates contact with Hospital's requesting clinical personnel within fifteen (15) minutes of Hospital's request for a telemedicine consultation ("Response Time Target"). For purposes of this section, "initiates contact" means the Physician has established a live audio or audiovisual connection with Hospital's clinical staff or the patient.

(b) Availability. Vituity shall maintain availability for telemedicine consultations twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year, with a target uptime of ninety-nine percent (99%) measured on a monthly basis ("Availability Target"). Scheduled maintenance windows mutually agreed upon by the parties in advance shall be excluded from the Availability Target calculation.

(c) Reporting. Vituity shall provide Hospital with a monthly written report, delivered within fifteen (15) business days after the close of each calendar month, including: (i) total number of consultation requests received; (ii) average and median response times; (iii) number of consultations exceeding the Response Time Target; (iv) any periods of unavailability and the cause thereof; and (v) patient outcome data to the extent reasonably available, including tPA administration rates for stroke consultations.

(d) Remedial Action. If Vituity fails to meet the Response Time Target for more than ten percent (10%) of consultation requests in any calendar month, or fails to meet the Availability

Target in any calendar month, Vituity shall within ten (10) business days of Hospital's written notice: (i) provide Hospital with a written root-cause analysis identifying the reasons for the failure; and (ii) implement a corrective action plan reasonably designed to prevent recurrence. If Vituity fails to meet the Response Time Target or Availability Target for three (3) or more calendar months within any rolling twelve (12) month period, Hospital may, in addition to any other remedies available under this Agreement, terminate this Agreement upon sixty (60) days' prior written notice.

(e) Exclusions. Failures to meet the Response Time Target or Availability Target shall be excused to the extent caused by: (i) failure or unavailability of Hospital's Telemedicine Equipment or telecommunication system; (ii) Force Majeure events under Section 10.11; or (iii) Hospital's failure to provide timely or complete clinical information necessary for the consultation.

2.3 **Patient Care**. Hospital, through licensed health care personnel, shall retain the exclusive right to supervise and control its provision of Hospital Services. Telemedicine Services shall only be performed by Physicians. All diagnoses, treatments, procedures, and other professional health care services rendered through Telemedicine Services shall be provided in accordance with the policies and procedures of Hospital, copies of which have been provided to Vituity. This Agreement shall in no way be construed to mean or suggest that Hospital is engaged in the practice of medicine. Hospital will obtain signatures on all required consent forms, in accordance with Section 4.4.

2.4 **Documentation**. Physicians will perform thorough initial assessments and follow-up assessments, depending on acuity. Telemedicine Services will be documented by Vituity in the appropriate electronic medical record.

2.5 **Licenses and Permits**. Vituity shall obtain and maintain, or shall make appropriate arrangements for, all federal, state and local licenses and regulatory permits required for or in connection with fulfilling its obligations herein.

2.6 Representations and Warranties.

2.6.1 Mutual Representations. Each party represents and warrants to the other, as of the Effective Date and throughout the Term, that: (a) it is duly organized, validly existing, and in good standing, with full power and authority to enter into and perform this Agreement; (b) this Agreement constitutes a legal, valid, and binding obligation, enforceable in accordance with its terms; (c) performance of this Agreement does not violate its organizational documents, any other agreement to which it is bound, or applicable law; and (d) there is no pending or, to its knowledge, threatened action that would materially impair its performance hereunder.

2.6.2 Vituity Representations. Vituity additionally represents and warrants, on a continuing basis throughout the Term, that: (a) each Physician holds a valid, unrestricted California medical license and is board-certified or board-eligible in neurology; (b) Telemedicine Services shall be rendered consistent with the prevailing standard of care for neurology telemedicine in California; (c) neither Vituity nor any Physician is excluded or debarred from Federal Healthcare Programs or state healthcare programs; (d) Vituity maintains all insurance required under Section 3.2; (e) Vituity maintains sufficient qualified Physicians for the Availability in Exhibit 6.1.1, subject to

Hospital's timely credentialing; and (f) Vituity shall notify Hospital in writing within five (5) business days of any licensure change, exclusion, malpractice claim involving Hospital patients, material adverse change in Vituity's condition, or data security breach.

2.6.3 Hospital Representations. Hospital additionally represents and warrants, on a continuing basis throughout the Term, that: (a) Hospital is a duly licensed acute care hospital in compliance with applicable healthcare laws; (b) Hospital maintains all insurance required under Section 3.1; and (c) Hospital will process Physician credentialing applications in good faith and without unreasonable delay.

2.6.4 Remedies. A material breach of any representation or warranty in this Section 2.6 constitutes a material breach of this Agreement, entitling the non-breaching party to exercise remedies under Section 5.3, Section 11, and any other remedies at law or equity. If any Physician no longer satisfies Section 2.6.2(a), Vituity shall immediately remove such Physician and promptly assign a qualified replacement, subject to Hospital's credentialing requirements.

3. Insurance

3.1 **Hospital Insurance**. Hospital, at its sole cost and expense, shall procure and maintain throughout the entire term of this Agreement, (i) all insurance coverage required by federal and state law, including workers compensation and employer liability, (ii) ~~network security, media and privacy insurance with coverage limits of $1,000,000, (iii)~~ comprehensive general public liability insurance in the minimum amount of $1,000,000 per occurrence and $3,000,000 in the annual aggregate, and (iii~~iv~~) network security, media and cyber and privacy liability insurance in the minimum amount of $2,000,000 per occurrence and $5,000,000 in the annual aggregate covering claims involving privacy violations, information theft, damage to or destruction of electronic information, intentional and unintentional release of private information, alteration of electronic information, extortion and network security. The coverages must provide coverage on an occurrence basis, or if on a "claims made" basis, then Hospital shall at its expense obtain "tail" coverage in the amounts set forth above covering termination or expiration of this Agreement; change of coverage if such change will result in a gap in coverage; or amendment, reduction or other material change in the then existing coverage. All insurance limits must exclude defense costs. Hospital will name Vituity as an additional insured on its general liability policy. Upon request, Hospital will provide Vituity with a copy of the policy(ies) and certificates of insurance evidencing the coverage, and a copy of any endorsements or modifications. Hospital will give Vituity not less than sixty (60) days written notice of its intent to cancel such insurance and agrees to promptly notify Vituity in writing of any other cancellation, reduction, or material change in the amount or scope of any coverage under the policy(ies).

3.2 **Vituity Insurance**. Vituity, at its sole cost and expense, shall procure and maintain, throughout the entire term of this Agreement, professional liability insurance coverage for Telemedicine Services rendered by Vituity at Hospital in the minimum amount of $1,000,000 per occurrence and $3,000,000 in the annual aggregate covering Vituity and all physicians provided by Vituity. If Vituity's professional liability coverage is on a "claims made" rather than "occurrence" basis, Vituity shall at its expense obtain extended reporting malpractice coverage ("tail") coverage. Tail coverage obtained by Vituity shall have liability limits in the amounts set forth above and shall cover the occurrence of any of the following: i) termination or expiration of this Agreement; ii)

change of coverage by Vituity if such change will result in a gap in coverage; or iii) amendment, reduction or other material change in the then existing professional liability coverage of Vituity if such amendment, reduction or other material change will result in a gap in coverage. Vituity agrees to give Hospital not less than sixty (60) days written notice of its intent to cancel such insurance and agrees to promptly notify Hospital in writing of any other cancellation, reduction, or material change in the amount or scope of any coverage under the policy.

4. **Hospital Responsibilities**

4.1 **Telemedicine Equipment**. Hospital shall provide Vituity access to Telemedicine Equipment.

4.1.1 Hospital shall be solely responsible for all license fees, assessments, charges, permit fees, and taxes (municipal, state, and federal), if any, which may now or hereafter be imposed upon the ownership, leasing, possession, or use of the Telemedicine Equipment.

4.1.2 Hospital, at its sole cost and expense, shall maintain the Telemedicine Equipment in good repair, condition, and working order and shall furnish any and all parts and labor necessary for this purpose.

4.1.3 Hospital shall use, operate, and maintain the Telemedicine Equipment in conformity with all applicable laws and regulations relating to the ownership, possession, use, operation and maintenance thereof.

4.2 **Telecommunication System**.

4.2.1 Hospital, at its sole cost and expense, shall arrange for a vendor of its choice to install and maintain a telecommunication system that is appropriate and sufficient to enable the provision of Telemedicine Services by Vituity in accordance with the terms of this Agreement. Hospital will timely pay all charges resulting from the use of the telecommunications system to provide Telemedicine Services as contemplated herein. Hospital will confer with its vendor and Vituity prior to procurement and installation of any telecommunication system to ensure that (i) Hospital's equipment is compatible with Vituity's systems and (ii) meets all applicable legal and regulatory data security requirements. Vituity will not be liable for any interruptions in Hospital's access to its telecommunication system unless any such interruption is caused by Vituity's negligence or willful misconduct.

4.2.2 If Hospital is already in possession of a telecommunication system, Hospital will work with Vituity to determine whether such system is compatible with Vituity's systems. Hospital will ensure that its telecommunication system and Telemedicine Equipment meets all applicable legal and regulatory data security requirements. If necessary, Hospital agrees, at its sole cost and expense, to make any identified necessary modifications to ensure its telecommunications system and Telemedicine Equipment are sufficient to support the provision of Telemedicine Services as contemplated herein.

4.3 **Professional Personnel of Hospital**

4.3.1 **General**. Hospital, at its sole cost and expense, shall employ or engage all personnel, including office staff, nurses, and vocational nurses, that Hospital reasonably deems necessary and appropriate for the provision of the Hospital Services ("Hospital Personnel"). All Hospital Personnel shall be subject to the applicable provisions of this Agreement. Hospital shall have the sole responsibility for paying the salaries and benefits of Hospital Personnel, and the sole responsibility to withhold, as required by law or governmental requirements, any sums for income tax, unemployment insurance, social security, or any other withholding.

4.3.2 **Telemedicine Services and Hospital Personnel**. During the Term, Hospital-based support for Telemedicine Services shall only be performed by or under the supervision of Hospital Personnel that are licensed or otherwise qualified to provide such services under State law.

4.4 **Consents**. Hospital will ensure signatures are obtained on all required consent forms and authorization forms related to provision of the Telemedicine Services, including, but not limited to Patient Privacy Notification and Telemedicine Patient Consent Forms adhering to the State Medical Board standards.

4.5 **Billing and Operational Data**. Hospital shall provide to Vituity ~~America~~, through Vituity ~~America~~'s agent, billing and operational data and necessary related administrative support as set forth in this Section 4.5.

4.5.1 Patient Information. Hospital shall take all necessary and reasonable steps to provide Vituity sufficient Patient Information (as defined below) to facilitate Vituity's billing and collecting for Telemedicine Services provided pursuant to this Agreement. Hospital shall provide all patient medical record information required by Vituity to bill patients and third party payers for Telemedicine Services, including legible Patient Information for each patient visit including all nursing notes, physician notes (handwritten and dictated), department logs, and chart continuation sheets, if applicable, patient's demographic information, responsible party's name, address, email address, telephone number (home and cell) and relationship to patient and any applicable authorization documentation, patient or responsible party's employers' names, third-party payor information, including name and address of payor, policy or certificate number, ~~group~~Vituity policy number, copy of insurance card or cards, and telephone authorization number, and first report of work injury, if applicable (collectively, "Patient Information"). All Patient Information shall be provided to Vituity or its agent in a secure electronic feed in HL7 ADT real-time interface in accordance with specifications received from Vituity, or in any other appropriate format approved in advance by Vituity. The transmission of electronic data shall occur in real time to ensure timely receipt by agent upon completion of each medical record. If feasible, Hospital shall also provide Vituity or its agent with a real-time listing, in an electronic format, of patients receiving Telemedicine Services. To ensure Vituity's ability to obtain all necessary documentation that may not be available at the time of the initial real-time feed, or that may require additional clarification, or in the event that the real time feed is not available for any reason, Hospital shall grant remote access to designated personnel of Vituity's agent to Hospital's HEDIS, dictation, and coding systems within 72 hours of request. If the real-time data feed is not implemented before the start date, Hospital will reimburse Vituity for actual labor costs in obtaining patient demographics and clinical documentation. Vituity's agent and dedicated personnel shall adhere to all Hospital standards, policies and procedures for remote access to data. Should remote access

not be granted to agent, Hospital staff is responsible for obtaining and forwarding missing medical record components within 72 hours of request by agent.

4.5.2 Operational Data. Hospital shall provide Vituity's agent with patient-specific data in a HL7/FHIR real-time or other electronic format in accordance with specifications received from Vituity (collectively "Operational Data"), which shall specifically include the number of patient encounters. Vituity may use Operational Data for purposes that include, but are not limited to, monitoring operational, utilization, patient outcome and quality performance of the Hospital and improvement efforts related to health care operational processes and patient outcomes and satisfaction, including provider MIPS reporting. Notwithstanding the foregoing, Vituity shall use Operational Data solely for purposes directly related to its performance under this Agreement, including quality monitoring, utilization review, operational improvement, and MIPS reporting. Vituity shall not sell, license, sublicense, or otherwise commercially exploit Operational Data or any de-identified derivatives thereof to or for the benefit of any third party. Vituity shall not disclose Operational Data to any third party except to its agents and subcontractors with a need to know for purposes of performing under this Agreement, provided such agents and subcontractors are bound by confidentiality obligations no less restrictive than those in Section 7. Upon expiration or termination of this Agreement, Vituity shall, at Hospital's election, return or securely destroy all Operational Data in its possession or control within thirty (30) days and certify such return or destruction in writing, except to the extent retention is required by applicable law or regulation.

4.6 **Non-Solicitation.**

4.6.1 Restriction on Hospital. Hospital agrees, during the Term of this Agreement and for a period of one (1) year following the expiration or earlier termination of this Agreement for any reason, not to directly solicit or recruit for employment or engagement those Physicians who provide or have provided Telemedicine Services to patients of Hospital under this Agreement during the twelve (12) months preceding such expiration or termination, for the purpose of providing professional telemedicine neurology services for Hospital outside of the terms of this Agreement. This restriction shall not apply to (a) any Physician who is terminated by Vituity or whose engagement with Vituity ends for any reason other than solicitation by Hospital, (b) any Physician who independently and without solicitation by Hospital seeks employment or engagement with Hospital, or (c) general advertisements or postings not specifically targeted at Vituity's Physicians.

4.6.2 Restriction on Vituity. Vituity agrees, during the Term of this Agreement and for a period of one (1) year following the expiration or earlier termination of this Agreement for any reason, not to directly solicit or recruit for employment or engagement any employee of Hospital who has been materially involved in the administration, support, or delivery of Telemedicine Services or Hospital Services in connection with this Agreement during the twelve (12) months preceding such expiration or termination, including but not limited to nurses, technicians, information technology staff, and administrative personnel (collectively, "Hospital Staff"). This restriction shall not apply to (a) any Hospital Staff member who is terminated by Hospital or whose employment with Hospital ends for any reason other than solicitation by Vituity, (b) any Hospital Staff member who independently and without solicitation by Vituity seeks employment or engagement with Vituity, or (c) general advertisements or postings not specifically targeted at Hospital's employees.

4.6.3 Remedies. The parties acknowledge that a breach of this Section 4.6 would cause irreparable harm to the non-breaching party for which monetary damages alone would be insufficient. Accordingly, in the event of a breach or threatened breach of this Section 4.6, the non-breaching party shall be entitled to seek injunctive relief, specific performance, or other equitable remedies, in addition to any other remedies available at law or in equity, without the necessity of proving actual damages or posting a bond or other security.

4.6.4 Reasonable Scope. The parties acknowledge and agree that the restrictions set forth in this Section 4.6 are reasonable in scope, duration, and geographic extent, are necessary to protect the legitimate business interests of each party, and do not impose an undue hardship on either party.

5. Term and Termination

5.1 **Term**. This Agreement shall begin on the Effective Date and continue for 1 year. Thereafter, this Agreement shall automatically renew for additional 1 year terms unless terminated as provided herein. ~~may be renewed by mutual agreement in the form of an amendment hereto.~~

Commented [3]: Consider whether auto-renewal, with right of cancelation, would be preferable for continuity of care.

5.2 **Termination without Cause**. This Agreement may be terminated by either party without cause upon 180 days prior written notice to the other party.

5.3 **Termination for Cause**. This Agreement may be terminated upon the first to occur of any of the following events:

5.3.1 **Bankruptcy**. Either party becomes insolvent or declares bankruptcy.

5.3.2 **Specific Hospital Breaches**. At Vituity's option, in the event (i) Hospital dissolves or ceases operations, (ii) Hospital fails to perform any of its material obligations under this Agreement and fails to cure the default within 30 days of being notified of such default in writing (iii) Hospital's license to provide health care services is revoked, suspended, canceled or limited in any manner, or (iv) Hospital or any affiliate is excluded from the federal Medicare or State Medicaid program, then Vituity may provide written notice to Hospital and immediately terminate this Agreement.

5.3.3 **Vituity Breaches**. Hospital may exercise its option to terminate this Agreement in the event Vituity fails to perform any of its material obligations under this Agreement and Vituity fails to cure the default within 30 days of being notified of such default in writing. Hospital may also exercise its option to terminate this Agreement in the event: Vituity or its physicians' licenses are revoked, suspended or materially restricted; Vituity or any of its physicians are excluded from federal or state healthcare programs; Vituity dissolves or ceases to operate; or Vituity fails to maintain the insurance coverage required under Section 3.2.

5.4 **Effect of Termination**. Following any notice of termination hereunder, Hospital and Vituity will fully cooperate with each other in all matters relating to the transfer to another provider or discontinuance of Telemedicine Services, as appropriate, and the orderly hand off of patients.

6. Compensation and Billing

6.1 Compensation

6.1.1 Service Rates. As compensation for providing the Telemedicine Services hereunder, Hospital agrees to pay Vituity in accordance with Exhibit 6.1.1.

6.1.2 Startup and Maintenance Costs. Hospital will compensate Vituity for the Start Up cost for implementing the Telemedicine Services as set forth on Exhibit 6.1.1. In addition, Hospital will reimburse Vituity for credentialing its Physicians and annual maintenance credentialing fees, based on Vituity's provision of documentation of such costs. Hospital will pay Vituity for credentialing start up and maintenance costs upon receipt of a complete and undisputed invoice.

6.1.3 Vituity will invoice Hospital for Telemedicine Services and related costs, if any, on a monthly basis.

6.1.4 Invoices. Invoices issued by Vituity pursuant to this Section 6 are due and payable by Hospital within 30 days of invoice date. Hospital shall only pay Vituity in response to invoices, unless otherwise instructed by Vituity, and shall include the remittance information set forth in such invoices when making payments.

6.1.5 Late Fees. Vituity may impose a late fee equal to a simple two percent interest (the invoice amount multiplied by two percent) on any unpaid undisputed invoice more than 30 calendar days past due. An additional two percent interest may be assessed for each additional 30 calendar day period that the invoice or any portion thereof remains unpaid. If Hospital has not paid an invoice for more than 120 calendar days (90 calendar days overdue), Vituity may refer collection of the unpaid amount to an attorney or collections agency. Hospital agrees to pay all reasonable costs of collection (including attorney's fees) necessary for Vituity to collect any amounts due it by Hospital.

6.1.6 Payment Plans. If Hospital requests a payment plan, Hospital must do so prior to the invoice due date. If Hospital requests a payment plan after the invoice due date, and Vituity agrees, at its sole discretion, to such payment plan, Vituity reserves the right to assess upon Hospital all late fees, accumulated interest, attorney's fees, collection fees and any other related cost, as applicable and as set forth above. Nothing in this Section requires Vituity to agree to any payment plan.

6.2 Billing

6.2.1 Fee Schedule. Vituity shall, at all times, bill patients in accordance with its schedule for professional services (the "Fee Schedule"), a current copy of which shall be provided to Hospital upon execution of this Agreement and upon any modification thereof.

(a) Annual Adjustment. Vituity may adjust the fees and charges set forth on the Fee Schedule no more than once per twelve (12) month period during the Term of this Agreement. Any such adjustment shall not exceed the greater of (i) three percent (3%) of the then-current fees or (ii) the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, as published by the U.S. Bureau of Labor Statistics, for the twelve (12) month

period ending on the most recently published index date prior to the proposed effective date of the adjustment. Vituity shall provide Hospital with not less than ninety (90) days' prior written notice of any proposed fee adjustment, which notice shall include the proposed new Fee Schedule and the basis for the adjustment.

(b) Extraordinary Adjustments. In the event Vituity seeks a fee adjustment in excess of the cap set forth in Section 6.2.1(a) (an "Extraordinary Adjustment"), such Extraordinary Adjustment shall require the prior written consent of Hospital, which consent shall not be unreasonably withheld, conditioned, or delayed. Vituity shall provide Hospital with written notice of any proposed Extraordinary Adjustment not less than one hundred twenty (120) days prior to the proposed effective date, together with a detailed written justification demonstrating the basis for the proposed increase, including documentation of increased costs of providing services. Hospital shall respond in writing within thirty (30) calendar days of receipt of such notice, either consenting to the Extraordinary Adjustment, proposing an alternative adjustment amount, or requesting additional documentation. If the parties are unable to agree on an Extraordinary Adjustment within sixty (60) calendar days of Hospital's receipt of Vituity's initial notice, either party may terminate this Agreement upon ninety (90) days' prior written notice, without penalty or liability for early termination.

(c) No Retroactive Adjustments. No fee adjustment under this Section 6.2.1 shall be applied retroactively. Any adjustment shall apply only to services rendered on or after the effective date of the adjustment as set forth in the written notice provided by Vituity.

(d) Market Reasonableness. Notwithstanding the foregoing, the amount to be charged to patients for professional services shall at all times be in accordance with the prevailing charges for similar telemedicine neurology services within Hospital's service area and comparable service areas within the State of California. Upon Hospital's written request (not more than once per calendar year), Vituity shall provide Hospital with documentation reasonably demonstrating that its fees are consistent with prevailing market rates.

(e) Fee Reduction. In the event that Vituity's costs of providing Telemedicine Services decrease materially (including but not limited to reductions in physician compensation, malpractice insurance premiums, or technology costs), Hospital may request in writing that Vituity reduce its fees accordingly. Vituity shall consider such request in good faith and respond in writing within thirty (30) calendar days.

6.2.2 Vituity shall bill independently for all fees for Physicians' professional services to Hospital's patients and shall be responsible for collecting any sums due ~~to~~ from patients, from third party payors, or from the persons or entities financially responsible for any patient's care. The parties acknowledge that neither party is responsible to the other in any way for the billing or collection of the charges of the other. It is specifically understood that all such billings shall comply with applicable regulations.

6.3 Third Party Payer Arrangements. ~~Group~~Vituity ~~-~~ and Hospital, including through their agents and affiliated corporations, will separately enter into healthcare contracts with third-party payors on a discount basis. ~~Group~~Vituity shall submit to Hospital and Hospital shall submit to ~~Group~~Vituity, upon request, a list of payors with whom it has contracted to provide services. If

Hospital deems it advisable for ~~Group~~Vituity to contract with a payor with which Hospital has a contract, ~~Group~~Vituity agrees to enter into good faith negotiations to secure a contractual agreement equal to the reasonable prevailing reimbursement rates for neurology physician specialists within the geographic area of Hospital. In the event that Hospital has the financial responsibility under any of Hospital's payor contracts to reimburse ~~Group~~Vituity for services, ~~Group~~Vituity agrees in good faith to negotiate a contractual agreement with the Hospital for the services based on the prevailing rates for neurology physician specialists within the geographic area of Hospital.

7. **Confidential Information**

7.1 The parties acknowledge that in connection with their performance under this Agreement, each party may or will have access to and the use of confidential information and trade secrets ("Confidential Information") of the other party related to its services, which include, but are not limited to, financial data and statements, internal memoranda, reports, patient lists, information systems, protocols, diagnostic algorithms, operational systems for triaging patients, forms, service and trade names and marks, and other materials or records of a proprietary nature. A party providing information in connection with performance under this Agreement is a "Disclosing Party" and a party receiving information is a "Receiving Party". In order to protect the Confidential Information, each Receiving Party agrees it will not, during the term of this Agreement and for a period of five years after the expiration or termination of this Agreement, use or disclose a Disclosing Party's Confidential Information to any third-party, unless the Disclosing Party consents in writing, in advance, to such disclosure.

7.2 Neither party shall have an obligation to preserve the confidential or proprietary nature of any Confidential Information which:

7.2.1 was already known to the Receiving Party free of any obligation to keep it confidential at the time of its disclosure as evidenced by written records prepared prior to such disclosure;

7.2.2 is or becomes publicly known through no wrongful act of the Receiving Party;

7.2.3 is rightfully received from a third party having no direct or indirect obligation of confidentiality with respect to such Confidential Information;

7.2.4 is independently developed by an employee, agent or contractor of the Receiving Party who did not have any direct or indirect access to the Confidential Information.

7.3 The obligations set forth in this section do not apply to disclosures of Confidential Information to the extent that such disclosures are required (but redacted to the greatest extent possible) in order to comply with applicable law or legal process. If a Receiving Party is required by applicable law or legal process to disclose Confidential Information, it will promptly notify the Disclosing Party and cooperate with Disclosing Party, to the extent legally permissible, to allow Disclosing Party reasonable time to oppose such process and seek confidential treatment of the Confidential Information.

8. **Intellectual Property**

8.1 Each party acknowledges and agrees that the other party owns or licenses, and may use during the course of this Agreement, existing Confidential Information, platforms, websites, practices, protocols and other material protected by worldwide common law and statutory intellectual property rights ("Pre-Existing Materials"). In the case of Vituity, Pre-Existing Materials specifically includes the On Duty ® platform as well as any documentation platforms that ~~Group~~Vituity may use for purposes of providing Services. Neither party will reproduce, sell, transmit, publish, broadcast, or otherwise disseminate or distribute the other party's Pre-Existing Materials without such party's prior written consent.

8.2 Each party shall own, solely and exclusively, all intellectual property rights to any materials created solely by that party, without the use of the other party's Pre-Existing Materials, during or after the Term of this Agreement ("New Materials"). In addition, except as set forth in this Agreement, each party specifically agrees not to use the other party's Pre-Existing Materials or New Materials in the creation or development of its own materials during or after the Term of this Agreement without the other party's prior written consent.

8.3 Should the parties jointly develop materials or intellectual property rights during the Term of this Agreement ("Jointly-Developed Materials"), each party will continue to be the sole owner of its own Pre-Existing and New Materials, and each party hereby grants to the other party a non-exclusive, non-transferrable, non-sublicensable, perpetual (unless this Agreement is terminated by a party for breach) right to use the Jointly-Developed Materials and intellectual property rights solely for its own business purposes.

9. **Laws and Regulations**

9.1.1 Hospital and Vituity shall comply with all applicable provisions of law, and other valid rules and regulations of all governmental agencies having jurisdiction over: (i) the operation of the Hospital; (ii) the licensing of health care practitioners; and (iii) the delivery of services to patients of governmentally regulated third party payors whose members/beneficiaries receive care from Hospital. Hospital and Vituity shall also comply with all applicable standards and recommendations of The Joint Commission, and the bylaws, rules, regulations, policies and procedures of Hospital, its medical staff and medical staff departments.

9.1.2 Anti-Kickback and Stark Laws. It is the intent and good faith belief of the parties hereto that this Agreement complies with and does not in any manner violate the Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)) and the Stark Law (42 U.S.C. Section 1395nn).

9.1.3 HIPAA Requirements. To the extent applicable to this Agreement, each party agrees to comply with the Health Information Technology for Economic and Clinical Health Act of 2009 (the "HITECH Act"), the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 USC § 1320d through d-8 ("HIPAA") and any current and future regulations promulgated under either the HITECH Act or HIPAA, including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards contained in 45 C.F.R. Parts 160, 162 and 164 (the "Federal Security Regulations"), and the federal standards for

electronic transactions contained in 45 C.F.R. Parts 160 and 162 (the "Federal Electronic Transactions Regulations"), all as may be amended from time to time, and all collectively referred to herein as "HIPAA Requirements." The parties agree to enter into any further agreements, upon mutually agreeable terms, as necessary to facilitate compliance with HIPAA Requirements. The parties acknowledge that, to the extent Vituity provides Telemedicine Services as an independent healthcare provider and covered entity, the parties do not intend for Vituity to act as Hospital's business associate solely by virtue of providing such services. Notwithstanding the foregoing, to the extent Vituity or any agent, subcontractor, or vendor of Vituity creates, receives, maintains, or transmits protected health information for or on behalf of Hospital in a manner that constitutes business associate activity under HIPAA, the parties shall execute a mutually acceptable Business Associate Agreement before such activity begins, and Vituity shall ensure that any such agent, subcontractor, or vendor is bound by written obligations required by HIPAA.

9.1.4 Data Security.

(a) Vituity shall maintain reasonable and appropriate administrative, technical, and physical safeguards designed to protect the confidentiality, integrity, and availability of Hospital's patient information, Operational Data, and any other data accessed through Hospital's systems in connection with this Agreement, consistent with industry standards for healthcare information technology and no less protective than the requirements of HIPAA Requirements as defined in Section 9.1.3.

(b) Vituity shall comply with Hospital's reasonable information security policies and procedures when accessing Hospital systems, including remote access to Hospital's HEDIS, dictation, and coding systems pursuant to Section 4.5.1. Hospital shall provide Vituity with a current copy of such policies upon request.

(c) Vituity shall notify Hospital in writing of any Security Incident within ~~twenty four (24)~~five calendar days ~~hours~~ of discovery. For purposes of this section, "Security Incident" means any unauthorized access to, acquisition of, use of, or disclosure of Hospital patient information or data maintained or transmitted by Vituity in connection with this Agreement, or any breach or suspected breach of Hospital's systems attributable to Vituity or its personnel. Notification shall include, to the extent known: (i) the nature and scope of the incident; (ii) the data affected; (iii) the corrective actions taken or planned; and (iv) a designated point of contact.

(d) Following a Security Incident, Vituity shall (i) cooperate with Hospital in investigating and remediating the incident, including preserving relevant evidence; (ii) take immediate steps to contain and mitigate the effects of the incident; and (iii) cooperate with Hospital in complying with any applicable breach notification obligations under federal or State law. Vituity shall bear the costs of investigation and remediation to the extent the Security Incident is attributable to Vituity's acts or omissions.

(e) Upon Hospital's reasonable written request (not more than once per calendar year, unless following a Security Incident), Vituity shall provide Hospital with a written summary demonstrating its compliance with this Section 9.1.4, which may include relevant third-party audit reports, SOC 2 certifications, or equivalent documentation.

9.1.5 Non-Discrimination. Each Party agrees that it shall not, and shall ensure that its Physicians and employees do not, differentiate or discriminate in the provision of medical services to patients on the basis of race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, age, medical condition, medical history, genetics, evidence of insurability, or claims history, in violation of any applicable laws, including, without limitation, the Age Discrimination Act of 1975, the Americans with Disabilities Act and all regulations issued pursuant thereto and as may be amended from time to time. Each party agrees that it shall be in full compliance with Section 504 of the Rehabilitation Act of 1973, Titles VI and VII of the 1964 Civil Rights Act, and all regulations issued pursuant thereto and as may be amended from time to time.

10. General

10.1 Independent Contractor. In the performance of all professional services, duties and other obligations under this Agreement, Vituity (by its Physicians) shall be, and at all times is, acting and performing as an independent contractor to Hospital. No relationship of employer or employee or joint venture relationship is created by this Agreement between Vituity and Hospital or between Hospital and Vituity providers. Vituity (and its Physicians) shall look only to Vituity for setting and administering the terms and conditions of their employment or engagement. Neither Vituity nor any of its Physicians shall have any claim against Hospital under this Agreement or otherwise for social security benefits, workers' compensation benefits, or employee benefits of any kind. Except as required by law, Hospital will not have or exercise any control or direction over the methods by which Vituity and its Physicians perform their work and functions. The standards of medical practice and professional duties of Vituity (and its Physicians, as applicable) will be determined by Vituity.

10.2 Patient Records. The parties agree that all patient records, including those created by Vituity for Telemedicine Services, shall be the property of, maintained by, and in the custody of the Hospital. During the Term of the Agreement, each party expressly agrees to provide access to the other party to any patient records in the possession of each party at all reasonable times and to the extent necessary for each party to fulfill its obligations hereunder. Furthermore, Hospital agrees that Vituity, to the extent lawfully permitted, shall have access to such patient records for the purpose of making necessary copies in the event this Agreement is terminated. Vituity and the Hospital shall maintain the confidentiality of all patient records in accordance with all applicable laws.

10.3 Notices. Written notice required under this agreement shall be delivered personally or sent by United States registered or certified mail, postage prepaid and return receipt requested, or by overnight courier, and addressed or delivered to the parties at the following addresses (or such address as may hereafter be designated by a party by written notice thereof to the other party):

If to Hospital:

FILL IN

If to Vituity:

David Birdsall, MD
CEP AMERICA-NEUROLOGY, PC~~Vituity AMERICA-NEUROLOGY, PC~~

~~d/b/a Vituity~~
2100 Powell St., Suite 400
Emeryville, CA 94608
cc: Legal Dept.

10.4 Enforcement. In the event either party resorts to a lawsuit to enforce this Agreement, the prevailing party shall be entitled to recover the reasonable costs of pursuing a lawsuit, including attorneys' fees.

10.5 Choice of Law. This Agreement shall be interpreted, construed, enforced and governed by and in accordance with the laws of the State, without regard to its choice of law principles.

10.6 Use of Names. Except as required by law, neither party shall use or refer to this Agreement in the public media, or use the names or marks of the other party without express prior written consent.

10.7 Assignment. Except as may be herein specifically provided to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors, and assigns; provided, however, that no party may assign, transfer or pledge its rights and obligations under this Agreement or collaterally assign or hypothecate this agreement without the prior written consent of the other party, not to be unreasonably withheld.

10.8 Waiver of Breach. The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or another provision hereof.

10.9 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words herein shall include the singular and plural. The term "person" when used herein shall mean an individual, partnership, joint venture, corporation, trust, government entity, and association.

10.10 Consents, Approvals, and Exercise of Discretion. Except as may be herein specifically provided to the contrary, whenever this Agreement requires any consent or approval to be given by either party, or either party must or may exercise discretion, the parties agree that such consent or approval shall not be unreasonably withheld or delayed, and such discretion shall be reasonably exercised in good faith.

10.11 Force Majeure. Neither party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service deemed to result, directly or indirectly, from acts of God, civil or military, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, or any other similar cause beyond the reasonable control of either party.

10.12 Severability. In the event that any part or parts of this Agreement are held to be unenforceable, the remainder of this Agreement shall still remain in effect.

10.13 Entire Agreement/Amendment. This Agreement, including any exhibits, schedules, amendments or addenda incorporated herein by reference, supersedes any previous contracts between the parties for the same services and constitutes the entire agreement between the parties. Both parties acknowledge that any statements or documents not specifically referenced and made a part of this Agreement shall not have any effectiveness. This Agreement may not be amended, supplemented, canceled or discharged except by written instrument executed by the parties hereto. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute one instrument. It shall not be necessary that the signatures of all of the parties appear on each counterpart; it shall be sufficient that the signature of each party appear on one or more counterparts.

10.14 Rules of Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement, and the parties hereby agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

10.15 Third Parties. None of the provisions of this Agreement shall be for the benefit of third parties or enforceable by any third party.

10.16 Medicare Record Retention Clause. Each party will, in accordance with 42 U.S.C section 1385x(v)(1)(l) and 42 C.F.R. Part 420, Subpart D section 420.300 et seq., until the expiration of 4 years after the furnishing of Medicare reimbursable services pursuant to this Agreement, upon proper written request, allow the Comptroller General of the United States and the Secretary of Health and Human Services access to this Agreement and to the party's records necessary to certify the cost of Medicare reimbursable Services. In accordance with these laws and regulations, if Medicare reimbursable services provided by Vituity under this Agreement are carried out by means of a subcontract, and the related organization provides the Services at a value or cost of $10,000 or more over a twelve month period, the subcontract between Vituity and the related organization will contain a clause comparable to the clause specified in the preceding sentence. No attorney-client, accountant-client, or other legal privilege is waived by ~~Facility~~Hospital, Vituity or Vituity's representative by this Agreement.

10.17 Federal Program Participation. Each party represents and warrants to that its officers, directors, and employees (i) are not currently excluded, debarred, or otherwise ineligible to participate in the federal healthcare programs as defined in 42 U.S.C. Section 1320a-7b(f) (the "Federal Healthcare Programs") or any state healthcare programs; (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal Healthcare Programs or any state healthcare programs, and iii) are not, to the best of its knowledge, under investigation or otherwise aware of any circumstances which may result in such party being excluded from participation in the Federal Healthcare Programs or any state healthcare programs. This shall be an ongoing representation and warranty during the term of this Agreement and each party shall immediately notify the other party of any change in the status of the representation and warranty set forth in this section. Any breach of this section shall give the non-breaching party

the right to terminate this Agreement immediately for cause.

11. Indemnification

11.1 Vituity Indemnity. Vituity shall indemnify, defend, and hold harmless Hospital and its officers, directors, trustees, employees, agents, and representatives ("Hospital Indemnitees") from all claims, demands, actions, losses, damages, liabilities, costs, and expenses, including reasonable attorneys' fees ("Losses"), arising out of or relating to: (a) the negligence, recklessness, or willful misconduct of Vituity or any Physician in performing Telemedicine Services; (b) Vituity's material breach of this Agreement; (c) any violation of law by Vituity or any Physician; or (d) Vituity's breach of confidentiality, patient information, or Business Associate Agreement obligations, except to the extent such Losses are caused by the negligence, recklessness, or willful misconduct of a Hospital Indemnitee.

11.2 Hospital Indemnity. Hospital shall indemnify, defend, and hold harmless Vituity and its officers, directors, shareholders, employees, Physicians, agents, and representatives ("Vituity Indemnitees") from all Losses arising out of or relating to: (a) the negligence, recklessness, or willful misconduct of Hospital or Hospital Personnel; (b) Hospital's material breach of this Agreement; (c) any violation of law by Hospital or Hospital Personnel; (d) Hospital's breach of confidentiality, patient information, or Business Associate Agreement obligations; or (e) any defect, malfunction, or failure of Telemedicine Equipment or telecommunications systems provided by Hospital under Sections 4.1 and 4.2, except to the extent such Losses are caused by the negligence, recklessness, or willful misconduct of a Vituity Indemnitee.

11.3 Procedures. The indemnified party shall promptly notify the indemnifying party of any claim, reasonably cooperate at the indemnifying party's expense, and allow the indemnifying party to control the defense and settlement; provided, however, that delayed notice relieves the indemnifying party only to the extent materially prejudiced, the indemnifying party may not settle any claim imposing non-monetary obligations or uncovered liability without the indemnified party's prior written consent, and the indemnified party may participate with its own counsel at its own expense.

11.4 Limitation of Liability. Except for indemnification obligations, confidentiality obligations under Section 7, Hospital's payment obligations under Section 6, obligations under Section 9, and liability arising from willful misconduct, gross negligence, or fraud: (a) neither party shall be liable to the other for indirect, incidental, special, consequential, exemplary, or punitive damages, including lost profits, lost revenue, loss of data, loss of goodwill, business interruption, or substitute-service costs; and (b) each party's aggregate liability under this Agreement shall not exceed the fees paid or payable by Hospital to Vituity during the twelve (12) months preceding the event giving rise to liability. The parties agree these limitations are an essential risk allocation and apply notwithstanding failure of essential purpose. Nothing in this Section 11.4 limits any patient or third party from asserting lawful personal injury or wrongful death claims.

11.5 Dispute Resolution. Before initiating formal proceedings, the disputing party shall

give written notice, and senior representatives with settlement authority shall confer in good faith within fifteen (15) business days. If unresolved within thirty (30) days after notice, the dispute shall proceed to non-binding mediation before JAMS, or another mutually agreed provider, in Imperial County, California; mediator fees shall be shared equally, and each party shall bear its own mediation costs. If unresolved within sixty (60) days after submission to mediation, either party may submit the dispute to binding arbitration before one arbitrator administered by JAMS, or another mutually agreed provider, in Imperial County, California; provided that no party may commence arbitration until the parties have participated in at least one mediation session or the other party has failed or refused to mediate within forty-five (45) days after a written request. The arbitrator shall be a retired judge or attorney with at least fifteen (15) years of healthcare law or commercial contract experience, apply California law, issue a reasoned written decision, and have no authority to award damages inconsistent with Section 11.4. Judgment may be entered in any court of competent jurisdiction, and the prevailing party may recover reasonable attorneys' fees and costs consistent with Section 10.4. This Section 11.5 does not preclude provisional or injunctive relief, does not apply to patient or third-party claims or governmental actions, and all proceedings shall be treated as Confidential Information under Section 7. The initiation of mediation or arbitration tolls the applicable statute of limitations for the duration of such proceeding.

11.6 Survival. This Section 11 shall survive expiration or termination of this Agreement for the applicable statute of limitations.

IN WITNESS WHEREOF, Hospital and Vituity have executed this Agreement in multiple originals as of the date written above.

Hospital

Signature: _____
Name:
Title:

Vituity: CEP AMERICA-NEUROLOGY, PC~~Vituity AMERICA-NEUROLOGY, PC~~
d/b/a Vituity

Signature: _____
Name: David Birdsall, MD
Title: VP & Secretary

EXHIBIT 6.1.1:
COMPENSATION

Services	Descriptions	Availability	Price
Emergency Department (ED) and Inpatient Acute/Emergency Neurology Telemedicine Services	ED and Inpatient Acute/Emergency Telemedicine Services: Physicians experienced in acute stroke care and other neurological emergencies are available to provide remote consultations, direction and evaluation of ED patients and inpatients in need of acute neurology medical diagnosis or treatment	24 hours per day, 7 days a week, 365 days per year	$300 per day for up to 30 patient consults. Consults above 30 will be invoiced at the rate of $350 per consult.
Start Up Fee	The Start Up Fee applies to Vituity's implementation, training, and operational costs associated with successfully launching Telemedicine Services.	N/A	$7,500 one time fee

Imperial Valley Healthcare District

BOARD MEETING DATE: June 22, 2026

SUBJECT:
Service agreement between STERIS Instrument Management Services Inc. and Imperial Valley Healthcare District.

BACKGROUND:
STERIS Instrument Management Services Inc. provides maintenance, repair and related services for surgical instruments and equipment, including endoscopes and bronchoscopes.

KEY ISSUES:
Currently, the District does not maintain a service agreement for these scopes. As equipment ages, repair frequency and costs have increased, resulting in unpredictable expenses and potential disruption to clinical operations.

CONTRACT VALUE:
Monthly Fee: $4,758.42
Annual Fee (12 times Monthly Fee): $57,101.04
Annual Usage Adjustment: In the event that actual repairs exceed or are below the annual fee, the annual fee for the subsequent year will be equal to the actual repairs for the previous year.

CONTRACT TERM:
Three-year term

BUDGETED: Yes

BUDGET CLASSIFICATION: Service Agreement

RESPONSIBLE ADMINISTRATOR: Carol Bojorquez, CNO

DATE SUBMITTED TO LEGAL: 5/20/26 **REVIEWED BY LEGAL:** [x] Yes [ ] No

FIRST OR SECOND SUBMITTAL: [x] 1st [ ] 2nd

RECOMMENDED ACTION: That the Board of Directors authorize the Chief Executive Officer, or designee, to execute the service agreement between STERIS Instrument Management Services, Inc. and Imperial Valley Healthcare District for endoscope and bronchoscope maintenance and repair services.

STERIS

TOTALCARE CONNECT SERVICE AGREEMENT

This TOTALCARE CONNECT SERVICE AGREEMENT (this "***Agreement***") is entered into as of **June 1**, **2026** (the "***Execution Date***"), between STERIS Instrument Management Services, Inc., whose principal place of business is at 3316 2nd Avenue North, Birmingham, AL 35222 ("***IMS***"), and **Pioneers Imperial Valley Healthcare District**, whose principal place of business is at **207 West Legion Road, Brawley, CA 92227**(the "***Customer***"; each of IMS and the Customer is, individually, a "***Party***", and are, collectively, the "***Parties***").

Background

A. IMS is engaged in the business of providing maintenance, repair and related services for surgical instruments and equipment, as further described on **Exhibit A** (the "***Services***").

B. IMS desires to provide to the Customer, and the Customer desires to receive, the Services on an exclusive basis, in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Equipment**.

(a) Equipment. The Customer engages IMS as its exclusive provider of the Services during the Term, and IMS accepts such engagement, in each case in accordance with the terms and conditions set forth in this Agreement. IMS may inspect all surgical equipment and instruments at the Customer's facility prior to start of the Term and recommend equipment for repair pursuant to this Agreement (such equipment, which will be listed on **Exhibit A**, is referred to as the "***Equipment***"). Only Equipment identified based on IMS's recommendations, if any, prior to the Term will be eligible for listing on **Exhibit A**. IMS reserves the right to exclude or remove any Equipment from **Exhibit A** at any time due to repairs to such Equipment by other vendors except as recommended by IMS. The Customer facilities for which the Services will be provided pursuant to this Agreement are set forth on **Exhibit C** (the "***Facilities***").

(b) Addition or Removal of Equipment. The Customer will notify IMS of the purchase of eligible Equipment and the retirement of old Equipment within 30 days of purchase or retirement, as applicable, and IMS will, without further action by either Party, update **Exhibit A** accordingly. The Parties will also mutually agree in writing to adjust the Monthly Fee to reflect the update to **Exhibit A** based on the original Monthly Fee and the type and condition of Equipment being added to or removed from **Exhibit A**.

(c) IMS Audit. IMS will audit the repair history of each Facility no more than once per calendar year during the Term. If IMS determines that any Equipment not listed on **Exhibit A** was repaired by IMS, then IMS may elect to either (i) have the Customer pay IMS for the non-discounted cost of such repairs or (ii) adjust the Monthly Fee to reflect the addition of such Equipment to **Exhibit A**. The adjusted Monthly Fee will be based on the original Monthly Fee as well as the type and condition of the Equipment being added to **Exhibit A**.

2. **Loaned Equipment**. IMS will use commercially reasonable efforts to provide loaned equipment when requested by the Customer and any such loaned equipment will be provided in accordance with the terms and conditions set forth on **Exhibit D**.

3. **Term; Termination**.

(a) Term. This Agreement will commence as of first day of the first calendar month following the Execution Date and receipt of a purchase order and, subject to its earlier termination as set forth below, will continue for a term of three years (the "***Term***"). Thereafter, this Agreement may automatically renew for two successive one-year extensions (each a "***Renewal Term***").

(b) Termination by the Customer. In the event of a material breach of this Agreement by IMS, the Customer will notify IMS of such breach in writing and provide IMS with 90 days to cure such breach. If such breach is not cured within such 90-day period, the Customer may terminate this Agreement by delivering written notice to IMS and the Customer will pay all amounts owed pursuant to this Agreement up to and including the effective date of such termination. The Customer may also terminate this Agreement without cause by providing 90 days' prior written notice to IMS. If the Customer terminates this Agreement without cause, the Customer will (i) pay all amounts owed pursuant to this Agreement up to and including the effective date of such termination, (ii) pay IMS for any service fee underpayments calculated in accordance with **Exhibit B**, (iii) pay IMS an Early Termination Fee equal to one time the Monthly Fee set forth on **Exhibit B** and (iv) reimburse IMS for all service fee discounts provided prior to such termination, if any.

(c) Termination by IMS. In the event of a material breach of this Agreement by the Customer, IMS may terminate this Agreement for cause by providing the Customer with written notice of such breach and an opportunity to cure such breach during the 30-day period following the date of such notice. IMS may also immediately terminate this Agreement for cause by delivering written notice to the Customer if IMS determines, in its sole discretion, that a cure is not feasible. If IMS terminates this Agreement for cause, the Customer will (i) pay all amounts owed pursuant to this Agreement up to and including the effective date of such termination, (ii) reimburse IMS for any service fee underpayments calculated in accordance with **Exhibit B**, and (iii) pay the value of all service fee discounts provided prior to such termination, if any. IMS may also terminate this Agreement without cause by providing 90 days' prior written notice to the Customer. If IMS terminates this Agreement without cause, IMS will reimburse the Customer for any service fee overpayments calculated in accordance with **Exhibit B**.

4. **Services, Pricing and Value Adds**. IMS agrees to provide the Services for the monthly fee set forth on and calculated pursuant to **Exhibit B** (the "***Monthly Fee***"). The Customer will pay the Monthly Fee by no later than the first business day of each month during the Term. The Customer has issued a standing purchase order authorizing payment of the Monthly Fee (PO # is: **[●]**). This Agreement will not be made effective until a PO is provided by the Customer. Entitlements are offered in accordance with **Exhibit E.**

5. **Use of Other Vendors**. In the unlikely event that IMS must use the original manufacturer to assist with repairs to the Equipment, IMS will be responsible for the cost of original manufacturer repairs up to twenty (20%) percent of the annual contract fee, for any flexible endoscopes, EUS/EBUS flexible endoscopes, rigid endoscopes, video ureteroscopes, video equipment, and power equipment covered herein. Original manufacturer invoices must be provided to IMS by the Customer within 60 days of IMS shipping the non-repaired device to the Customer in order to be eligible for reimbursement provided herein. If this Agreement expires or is terminated for any cause, the Customer must provide any outstanding original manufacturer invoices within 30 days of the expiration or termination date. IMS will not pay for repairs initiated by the Customer with any other vendor (including "repair exchanges" unless authorized by IMS) or replace Equipment that is non-repairable.

6. **Service Exclusions.** Exclusions include but are not limited to any modifications, material upgrades, or service suggested by the OEM pursuant to a warranty or product recall and any repairs necessitated by the Customer's repeated and wanton disregard for the proper care and handling of the Equipment. Abuse shall include alterations that prevent Equipment from complying with OEM performance standards.

7. **Warranties; Regulatory Matters**.

(a) IMS Warranties. IMS represents and warrants that: (i) IMS (or its employees, agents or designees, as applicable) will perform the Services in a competent, workmanlike manner, conforming in all respects to applicable material industry standards and any standards and specifications set forth on **Exhibit A**, (ii) all repairs and parts will be free from defects in materials and workmanship for a period of 365 days following performance of the relevant Service (the representations and warranties set forth in subsections (i) and (ii) are collectively referred to herein as the "***Service Warranty***"), (iii) IMS owns or possesses sufficient rights to any intellectual property required to perform the Services, and no products used by IMS (or its employees, agents or designees) in the performance of the Services use any misappropriated intellectual property or intellectual property that infringes upon the rights of any other person and (iv) is complying, and will continue to comply with during the Term, all applicable laws and regulations, and maintains, and will continue to maintain during the Term, all material permits and certifications of any governmental authority or other third party. In the event of any material breach of the Service Warranty, IMS will, in IMS's sole discretion, either provide a repair credit in the amount of the fees paid by the Customer for the Services in question or re-perform such Services at no additional charge to the Customer.

(b) Regulatory Matters.

(i) IMS agrees that, until the expiration of four years after the furnishing of any Services pursuant to this Agreement, it will make available, upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States, or any of their duly authorized representatives, copies of this Agreement and any books, documents, records and other data of IMS that are necessary to certify the nature and extent of the costs incurred and other data of IMS that are necessary to certify the nature and extent of the costs incurred by the Customer in purchasing such Services. If IMS carries out any of its duties under this Agreement through a subcontract with a related organization involving a value or cost of $10,000 or more over a 12-month period, IMS will cause such subcontract to contain a clause to the effect that, until the expiration of four years after the furnishing of any service pursuant to such contract, the related organization will make available upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States, or any of their duly authorized representatives, copies of this Agreement and any books, documents, records and other data of said related organization that are necessary to certify the nature and extent of costs incurred by IMS for such goods or services. IMS will give the Customer notice promptly upon receipt of any request from the Secretary of Health and Human Services or the Comptroller General of the United States or any of their duly authorized representatives for disclosure of such information.

(ii) IMS represents and warrants that, to its knowledge, none of its agents, employees, officers and representatives providing Services: (A) are sanctioned persons under any federal or state program or law; (B) have been listed in the current Cumulative Sanction List of the Office of Inspector General for the United States Department of Health and Human Services for currently sanctioned or excluded individuals or entities; (C) have been listed on the General Services Administration's List of Parties Excluded from Federal Programs; (D) have been listed on the United States Department of Treasury,

Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List; or (E) have been convicted of a criminal offense related to health care.

(c) Customer Warranties. The Customer represents that as of the Effective Date it is financially solvent and able to pay the prices and rates set forth on **Exhibit B**, and that no applicable law nor any third party is preventing or attempting to prevent the Customer from performing any of its obligations under this Agreement (including from making timely payment for the Services).

8. **Indemnification; Limitation of Liability**. Each Party will indemnify, hold harmless, and defend the other Party against any and all third party damages, losses, costs and expenses (including reasonable attorneys' fees) to the extent arising from or relating to the indemnifying Party's negligence or any material breach of this Agreement by the indemnifying Party (other than to the extent such damages, losses, costs or expenses are caused by the indemnified Party's or its affiliates' or agents' own negligence). IN NO EVENT WILL EITHER PARTY BE LIABLE FOR INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND, INCLUDING BUT NOT LIMITED TO LOSS OF REVENUE, LOST PROFITS OR LOSS OF GOODWILL, WHETHER FOR BREACH OF CONTRACT, TORT OR OTHERWISE.

9. **Insurance**. IMS shall provide and maintain during the Term the following insurance: (a) Commercial General Liability, including products and completed operations, of $1,500,000 per occurrence and $3,000,000 aggregate; (b) Business Auto Liability, including owned and non-owned, of $1,000,000 combined single limit; and (c) Workers' Compensation coverage with statutory limits and Employers Liability of $1,000,000 each accident and policy limit. IMS shall provide the Customer with certificate or certificates of insurance within a reasonable time following the Customer's written request. Such insurance shall be issued by companies authorized to do business in the relevant jurisdiction. Notice of Cancellation or non-renewal shall be provided in accordance with policy provisions.

10. **Confidentiality**. The Parties expressly acknowledge that in the course of their performance hereunder, they may learn or have access to certain confidential, patent, copyright, business, trade secret, proprietary or other similar information (including, without limitation, any information related to pricing) or products of the other Party or of third parties, including but not limited to the other Party's vendors, consultants, suppliers or customers (the "***Confidential Information***"). Notwithstanding anything to the contrary contained herein, the Parties expressly agree that they will keep strictly confidential any such Confidential Information. Further, the Customer agrees not to use any Confidential Information of IMS for its own benefit or the benefit of any other person other than IMS. Upon the termination of this Agreement, each Party will promptly, but in any event within 30 days after termination, return all materials (whether in paper form, electronically stored or otherwise) and copies thereof to the other Party.

11. **Miscellaneous**.

(a) Notices. Any notice or other communication required or permitted under this Agreement will be in writing and will be deemed to have been given (i) when delivered personally; (ii) on the fifth business day after deposit in the United States mail, by registered or certified mail, postage prepaid, return receipt requested; (iii) on the day after delivery to a reputable national overnight air courier service, prepaid; or (iv) upon receipt of a facsimile or e-mail confirmation, in each case, to the applicable Party at the respective addresses listed below (which may be changed upon written notice from one Party to the other Party):

(i) if to IMS:

STERIS Instrument Management Services, Inc.
3316 2nd Avenue North
Birmingham, Alabama 35222
Attention: Contract Department
Fax: (205) 414-3447

(ii) if to the Customer:

Pioneers Imperial Calley Healthcare District
207 West Legion Road
Brawley, CA 92227

(b) Amendment; No Waiver of Breach. This Agreement may not be amended except by a written notice signed by an authorized representative of each of the Parties. No additional terms set forth in any invoice, or instrument issued by a Party in connection with this Agreement will be binding upon the other Party except to the extent acknowledged by both Parties in writing. The waiver by either Party of a breach of any provision of this Agreement will not act as a waiver of any prior or subsequent breach.

(c) Assignment. All terms and conditions of this Agreement will be binding upon and inure to the benefit of the Parties, and to their respective successors and assigns. Notwithstanding the foregoing, the Customer may not assign or transfer this Agreement or any rights hereunder without the prior written consent of IMS; provided, that the Customer may assign or transfer this Agreement to an affiliated entity of Customer upon providing written notice to IMS. Any attempted assignment or transfer by the Customer without such consent is null and void.

(d) Force Majeure. Neither Party will be liable to the other Party for any failure or delay in fulfilling an obligation hereunder if and to the extent such failure or delay is attributable to circumstances beyond its reasonable control, including, but not limited to, fires, floods, accidents, war, riots, terrorism, government measures or "acts of god."

(e) Entire Agreement. This Agreement, together with all Exhibits contemplated by this Agreement, constitutes the entire agreement and understanding between the Parties and supersedes all other agreements (whether written or oral, including the terms of any purchase orders or other documents issued by either Party hereunder) with respect to the subject matter hereof.

(f) Governing Law. This Agreement will be governed by the laws of the State of Ohio in which the services are performed, without regard to the application of conflicts of laws principles. The Parties stipulate and agree that any lawsuit or other legal action arising from or relating to this Agreement (or any agreement formed pursuant to the terms hereof) will only be commenced, and such jurisdiction and venue will only be valid, in Ohio.

(g) Independent Contractor. The Parties expressly agree that IMS is an independent contractor for all purposes in the performance of this Agreement, and that none of its employees or agents will be considered an employee of the Customer for any purpose.

(h) Survival. The terms and conditions of this Agreement will survive the expiration or other termination of this Agreement to the fullest extent necessary for their enforcement and for the realization of the benefit thereof by the Party in whose favor they operate.

(i) Severability. If one or more provisions in this Agreement is held to be invalid or unenforceable in any respect, such invalidity or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision had never been contained herein.

(j) Counterparts. This Agreement may be executed in counterparts (including electronically-transmitted counterparts), each of which will constitute an original, but both, taken together, will constitute one and the same instrument.

12. Non-Solicitation. During the Term and for a period of one year thereafter, the Customer will not, directly or indirectly, solicit (whether for employment, engagement as an independent contractor or otherwise) any employee of IMS or its affiliates that is engaged in the performance of the Services or that the Customer is otherwise made aware of as a result of the performance of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be executed by its duly authorized representatives as of the Execution Date.

STERIS INSTRUMENT MANAGEMENT SERVICES, INC.

By: _____
Name:
Title:

PIONEERS IMPERIAL VALLEY HEALTHCARE DISTRICT

By: _____
Name:
Title:

Exhibit A

Covered Inventory

Manufacturer	Model	Device Type	Serial
OLYMPUS	BF-P190	VIDEO BRONCHOSCOPE	2415559
OLYMPUS	CF-HQ190L	VIDEO COLONOSCOPE	2495835
OLYMPUS	PCF-H180AL	VIDEO PEDIATRIC COLONOSCOPE	2904044
OLYMPUS	PCF-H180AL	VIDEO PEDIATRIC COLONOSCOPE	2904070
OLYMPUS	PCF-H190DL	VIDEO PEDIATRIC COLONOSCOPE	2942679
OLYMPUS	GIF-H190	VIDEO GASTROSCOPE	2957622
OLYMPUS	GIF-H190	VIDEO GASTROSCOPE	2742319
OLYMPUS	GIF-H190	VIDEO GASTROSCOPE	2470891
OLYMPUS	GIF-H190	VIDEO GASTROSCOPE	2959323
OLYMPUS	GIF-XP190N	VIDEO GASTROSCOPE	4236807
OLYMPUS	GIF-1TH190	VIDEO GASTROSCOPE	2500704
OLYMPUS	GF-UCT180	EUS VIDEO GASTROSCOPE	7410311
OLYMPUS	GF-UE160-AL5	EUS VIDEO GASTROSCOPE	1011672
OLYMPUS	TJF-Q190V	VIDEO DUODENOSCOPE	2228637
OLYMPUS	TJF-Q190V	VIDEO DUODENOSCOPE	2229922

*All equipment must be sterilized, or high level disinfected prior to shipment or delivery to IMS. Any unclean equipment received by IMS will be disinfected prior to beginning the repair process. The Customer acknowledges that it will be invoiced by IMS a $250.00 processing fee for each unclean piece of equipment received. The processing fee will be in addition to the fees set forth in this Agreement. The Customer also acknowledges that the processing by IMS of equipment will cause a turn time delay.

Exhibit B

Pricing

Monthly Fee: $4,758.42

Annual Fee (12 times Monthly Fee): $57,101.04

Annual Usage Adjustment: In the event that actual repairs exceed or are below the annual fee, the annual fee for the subsequent year will be equal to the actual repairs for the previous year.

Taxes: All charges are exclusive of applicable federal, state or local taxes. Unless the Customer supplies an exemption or direct payment certificate, the Customer shall pay, or reimburse IMS for paying, any such taxes and IMS may add such taxes to its invoices.

Exhibit C

Facilities

Pioneers Imperial Valley Healthcare District (640809)

Exhibit D

Loaned Equipment Terms and Conditions

Pursuant to this Agreement, IMS is pleased to loan equipment ("***loaner***") to the Customer, if requested, when the Customer submits a similar piece of equipment ("***equipment***") for repair by IMS.

Purchase Order – The Customer will issue a purchase order per loaner request authorizing payment of loaner administrative fees, if applicable and late loaner fees ("***loaner fees***"). Loaners will not be released until the Customer issues a hard copy purchase order per loaner request. In the event IMS is unable to collect payment on loaner fees then the Customer's access to the loaner program will be suspended until IMS is able to collect any loaner fees and past due invoices.

Loaner Administrative Fees - This Exhibit D hereby incorporates by reference the loaner administrative fees on the following page.

Loaner Return, Non-Repairable Equipment and Late Fees – Within five business days of the Customer's receipt of the repaired equipment, the loaner must be received by IMS. If the Customer's equipment is deemed "non-repairable" by IMS or the repair is denied by the Customer, the loaner must be returned to IMS within five business days of the Customer's receipt of the "non-repairable" or denied equipment. A late fee will be charged to the Customer per the late fee schedule on the following page. The Customer will reimburse IMS within 30 days of invoicing.

Repair Order – If the Customer has received a loaner, the equipment must be received and the estimate, if any, must be approved or denied within five business days. In the event of a continued pattern of delayed repair order approval or denial, IMS reserves the right to suspend the loaner program.

Loaner Damage – The Customer will be responsible for any damage to or loss of the loaner which occurs, regardless of fault (excluding normal wear and tear), when it is in the Customer's possession. In the event IMS has full accountability for flexible scope processing, IMS will assume cost for loaner scope damages associated with IMS staff cleaning/reprocessing functions. If the loaner is damaged, the Customer shall reimburse IMS within 30 days of invoicing for all repair costs.

Lost Equipment – The loaner will be deemed lost if it has not been returned to IMS within 15 business days of the Customer's receipt of the IMS serviced equipment. In such event, the Customer shall pay a lost loaner fee equal to the fair market value of the loaner within 30 days of invoicing.

Indemnification – The Customer will indemnify IMS, its officers, directors, agents and employees, and hold them harmless from and against any and all claims, losses, damages, obligations, fees, and lawsuits, of whatsoever kind or nature, that result from the Customer's use, misuse, loss, or possession of the loaner.

*Fee schedule is subject to change.

CONNECT CARE℠
Technology Powering Humanity

Loaner Agreement Fee Schedule

Administrative Fee

PRODUCT LINE	SUBPRODUCT LINE	Total Care Connect	Repair Care	Time and Material
Endocam		--	--	$250.00
Flexible Scope	Ultrasound	--	--	$375.00
Flexible Scope		--	--	$250.00
Ophthalmic		--	--	$125.00
Power System	Attachment	--	--	$25.00
Power System	Handpiece	--	--	$125.00
Rigid Scope		--	--	$125.00
Ultrasound		--	--	$250.00
Video		--	--	$250.00

Late Fee

PRODUCT LINE	SUBPRODUCT LINE	Total Care Connect	Repair Care	Time and Material
Endocam		$500.00	$500.00	$500.00
Flexible Scope	Ultrasound	$750.00	$750.00	$750.00
Flexible Scope		$500.00	$500.00	$500.00
Ophthalmic		$500.00	$500.00	$500.00
Power System	Attachment	$100.00	$100.00	$100.00
Power System	Handpiece	$500.00	$500.00	$500.00
Rigid Scope		$500.00	$500.00	$500.00
Ultrasound		$750.00	$750.00	$750.00
Video		$500.00	$500.00	$500.00

*EndoOne + Contracts follow the Repair Care fee schedule"

Exhibit E

Entitlements

Priority Repair Program: Under this program, IMS will prioritize the repair process for the Customer's equipment and the Customer's equipment will be repaired ahead of equipment not covered under this program.

*The Customer's GI flexible endoscope inventories must be right sized to support the Customer's procedure volumes and/or usage count in accordance with OEM standards to qualify for the Priority Repair Program.

Priority Loaner Program: The Customer will have priority access to IMS loaner equipment inventory. IMS will prioritize the loaner request, and your request will be ahead of requests not covered under this program.

*The Customer's GI flexible endoscope inventories must be right sized to support the Customer's procedure volumes and/or usage counts in accordance with OEM standards to qualify for the Priority Loaner Program.

Education Offerings: IMS will perform ongoing on-site educational events for the Customer based on the Customer's staff training needs and will provide documentation of such events. Education will include in depth process and operational improvement education. Education needs will continually be assessed with the Customer, including during quarterly business reviews, and the education plan adjusted accordingly.

Preventive Maintenance: In compliance to the Alternative Equipment Maintenance program agreed to with the Customer, IMS will perform up to two (2) preventive maintenance activities per contracted asset per contract year. The Customer will be provided a report of the preventive maintenance findings which can be used to understand training and service needs.

Analytics, Reporting, and Benchmarking: IMS will provide service reporting and repair trend benchmarking by repair category. These include performance and benchmarking to help you monitor and analyze your inventory condition and performance. The reporting also includes repair histories which provide a view into the service performed by IMS and the related impact on the budget associated with your assets.

ConnectCare Technology Platform Access: The Customer will get access to ConnectCare advanced features. Through ConnectCare, the Customer can easily request, and track repairs from your facility to the repair lab and back. Additionally, the Customer can monitor service delivery metrics, access and approve estimates, access compliance documentation and view analytics in real-time to assist with clinical decision-making.

Business Engagement: IMS will provide up to four (4) business reviews annually. In addition to action planning, education plan review, and repair trend review, findings of any Needs Discovery Evaluations and any Process Evaluations performed by IMS will be reviewed.

Rapid Replacement Program: The Customer will be eligible for IMS Rapid Replacement Program for specific surgical devices and flexible endoscopes. The Rapid Replacement Program will be activated solely at the Customer's request. Under this program, specific models of device will be shipped to the Customer when a service request is submitted. The device sent to the Customer by IMS will become the Customer's property. The Customer device shipped to IMS for repair will become IMS property.

Certified Pre-owned Equipment Buy-Now Program: The Customer will be eligible for preferred pricing on CPO surgical devices and flexible endoscope categories covered under the Agreement. IMS has a wide range of manufacturers, series, and models, to ensure procedure readiness and preparation for changing inventory needs related to procedure types and volume increases.

IMPERIAL VALLEY HEALTHCARE DISTRICT

BOARD MEETING DATE: June 2026

SUBJECT: IVHD-Pathology Associates of Southern California Agreement Renewal

BACKGROUND:
Pioneers Memorial Hospital Laboratory (IVHD) has an active agreement with Pathology Associates of Southern California (PASC) for the provision of professional services and medical directorship for Clinical and Surgical Pathology of PMH licensed laboratories; agreement expires July 2026.

KEY ISSUES:
Federal and State laboratory licensure and The Joint Commission require medical directorship to operate the Clinical Laboratory.

CONTRACT VALUE: $90,000 Medical Director's annual compensation ($7500/month)

CONTRACT TERM: 1 year

BUDGETED: Yes

BUDGET CLASSIFICATION: Purchased Services; Medical

RESPONSIBLE ADMINISTRATOR: Carly Zamora, Interim CEO

DATE SUBMITTED TO LEGAL: _____ **REVIEWED BY LEGAL:** ☐ Yes ☐ No

FIRST OR SECOND SUBMITTAL: ☐ 1st ☐ 2nd

RECOMMENDED ACTION: Board to approve renewal of IVHD-PASC agreement.

AGREEMENT FOR PATHOLOGY SERVICES

THIS AGREEMENT made and entered into in the County of Imperial, State of California, this 1st day of July, 2026, ("Effective Date"), by and between PATHOLOGY ASSOCIATES OF SOUTHERN CALIFORNIA a California partnership ("Pathologist") and IMPERIAL VALLEY HEALTHCARE DISTRICT ("Hospital").

WITNESSETH

WHEREAS, Hospital operates a Pathology/Laboratory Department ("Department"), to serve persons who may require diagnostic clinical laboratory and pathology service; and

WHEREAS, Hospital previously determined that it had a need for a pathologist or group of pathologists to provide pathology services and administer the Department and, to fill that need, made a search for such a pathologist or group to perform those services; and

WHEREAS, Hospital previously determined that an arrangement with Pathologist would enhance Department organization, procedure standardization, economic efficiency, professional proficiency and coordination and cooperation among Department users and entered into such an arrangement dated July 1, 2023, which arrangement expired on June 30, 2026;

WHEREAS, it is in the best interests of Hospital, its medical staff ("Medical Staff") and patients, and the general public to continue to operate the Department as efficiently and as effectively as possible; and

WHEREAS, Hospital and Pathologist desire to enter into another agreement to provide pathology services and to develop a pathology outreach program for the Imperial Valley;

NOW THEREFORE, the parties to this Agreement desire to enter into this Agreement in order to provide a full statement of their respective responsibilities in connection with the operation of Department during the term of this Agreement.

The parties agree as follows:

I. Space, Equipment, Supplies and Maintenance.

A. Space. Hospital, after consultation with Pathologist, shall furnish for Pathologist's use, the office and laboratory space currently used by the Department, or, with Pathologist's reasonable approval, such commensurate space as Hospital deems necessary for the efficient operation of Department. The office and laboratory space shall be in compliance with the reasonable requirements established by the Joint Commission ("JOINT COMMISSION"), the College of American Pathologists ("CAP") and other relevant regulatory agencies.

B. Equipment and Supplies. Hospital shall supply and furnish, at Hospital's cost and expense, for Pathologist's use, such office and medical equipment and supplies as Hospital, after consultation with Pathologist, deems necessary for the operation and conduct of Department. Hospital, at its own expense, shall keep

and maintain said equipment in good order and repair, and, after consultation with Pathologist, shall replace equipment which Hospital reasonably deems to be beyond repair or obsolete. In addition, the Hospital shall upgrade the medical equipment and supplies so that the Department can be operated as a modern and efficient laboratory and pathology department. Replacement of equipment, if authorized by Hospital, shall be with equipment similar in character and utility to the equipment replaced. The equipment and its maintenance shall be in compliance with reasonable requirements established by the JOINT COMMISSION, CAP and other relevant regulatory agencies. All replacements, upgrades, and capital expenditures are subject to Hospital's budget, procurement policies, and final approval.

C. Maintenance. Hospital shall, at its own expense, furnish Pathologist with ordinary janitor service, laundry, gas, water, heat, telephone and electricity as may be required for the proper operation of Department. Hospital shall also provide services of other Hospital departments, including, but not limited to, nursing, personnel, administration, accounting, engineering, purchasing and medical records.

II. Non-Physician Personnel. After consultation with Pathologist, all non-physician personnel, which Hospital shall determine to be reasonably required for the proper operation of Department, shall be selected, employed and paid by Hospital. This may include, but is not limited to, the services of licensed medical technologists and other non-physician assistants, as deemed necessary by Hospital after consultation with Pathologist. Hospital retains full administrative control over and responsibility for all such departmental personnel; provided, however, Hospital agrees that Pathologist may consult on matters of selection or termination of non-physician personnel. Hospital will comply with reasonable requirements established by JOINT COMMISSION, CAP and other relevant regulatory agencies.

III. Pathologist's Duties.

A. Medical Director. Pathologist shall appoint one of its physicians and one or more alternates or designees to be the medical director of the laboratory ("Medical Director"). The qualifications, duties and responsibilities of the Medical Director are set forth in Exhibit A, which is attached hereto, and is, by this reference, incorporated herein. The Medical Director shall have primary responsibility for carrying out the terms of this Agreement. The appointment of the Medical Director and annual rotation (if any) of the appointment shall be subject to mutual agreement between Hospital and Pathologist.

B. Administrative Duties. Without limiting the statement of duties and responsibilities set forth in Exhibit A, Pathologist, through the Medical Director, agrees that it shall perform the following administrative and supervisory duties:

i. Regularly attend Medical Staff meetings, conduct professional education programs for the Medical Staff, inform the staff about new diagnostic laboratory procedures, participate actively in all Medical Staff committees

as required by the Medical Staff by-laws, and provide medical direction for Department.

ii. With appropriate input from Medical Staff, recommend all Department procedures, and supervise all Department tests, both clinical and pathological, reasonably required for patient care and operation by Hospital as determined by Hospital.

iii. At all times during the term of this Agreement, cooperate with Hospital to comply with, and participate with Hospital in maintaining Hospital's compliance program in accordance with, applicable Medicare and Medi-Cal laws, regulations and rules.

iv. Assure that the Department conforms to the requirements established by the Clinical Laboratory Improvement Act ("CLIA"), or successor regulatory provisions, as may be amended from time to time.

v. Provide consultation to Hospital administration with respect to the ongoing operation of Department. This consultation will include:

    a. Examining form design, equipment selection, facility layout and traffic patterns with recommendations to achieve the most efficient and effective use of Department;

    b. Participating in pre-accreditation activities to help Department prepare for accreditation by JOINT COMMISSION, CAP, the American Association of Blood Banks and any other accreditation or licensure agencies that are applicable to Department and to participate in such accreditation activities as may be directed by Hospital;

    c. Developing audit criteria and the implementation of a Performance Improvement/Quality Assurance Program in Department. Pathologist will provide quarterly reports regarding this to appropriate Hospital and Medical Staff committees;

    d. Assisting Hospital in development and implementation of long-range planning strategy and outreach laboratory activities for Department; and

    e. Providing written reports, in a form mutually agreed upon between Pathologist and Hospital administrator, summarizing the activities of Department. These reports shall be provided at least quarterly.

vi. Cause the Medical Director to serve as director of Hospital's clinical laboratory, maintaining compliance with Title 22 of the California Code of Regulations and all other applicable laws, rules and regulations.

C. Clinical Duties. Pathologist, at its expense, shall provide physician(s), who shall be certified by the American Board of Pathology, and shall become members of the Medical Staff. Upon request of the members of the Medical Staff, Pathologist shall provide the following clinical pathology services:

i. Full and adequate coverage of Department as determined by Hospital's administration and Medical Staff;

ii. All anatomic pathology professional services required for performance of diagnostic anatomic pathology, including, but not limited to, surgical pathology, cytopathology of both gynecologic and non-gynecologic specimens, bone marrow interpretations, special pathology studies, such as flow cytometry, immunohistochemistry and molecular pathology, and autopsies;

iii. Histopathology laboratory technical services; and

iv. Clinical pathology consultative services.

IV. Services.

A. Medical Services. Pathologist shall be the exclusive provider for the Hospital of all clinical and anatomical pathology services, and shall conduct and provide all anatomical and surgical pathology procedures and such other pathology services reasonably required for patient evaluation and care and for operation of the Department ("Medical Services") without regard to patient payor classification or ability to pay. Notwithstanding the foregoing, Hospital may obtain pathology, laboratory, reference laboratory, consultation, or related services from another provider when Hospital determines such services are necessary or appropriate for emergency coverage, reference laboratory services, payer or patient requirements, patient choice, Medical Staff-approved outside consultation, services not offered by Pathologist, or services that Pathologist is unable to provide within the time required for patient care, accreditation, regulatory compliance, reimbursement, or Hospital operations.

B. Professional Services. Medical Services shall constitute "professional services" to the extent that such services (i) are personally furnished for an individual patient by Physician(s) hereunder, (ii) ordinarily required performance by a physician, and (iii) contribute directly to the diagnosis or treatment of an individual patient.

C. Anatomical Pathology Services. Anatomical pathology services shall be deemed to constitute professional services. As used herein, "anatomical pathology services" are services which require examination of body tissue, fluid or cells by Pathologist, including histopathology, cytopathology and oral pathology. Consultation pathology services shall also be deemed to be professional services if such services (a) are requested by the patient's attending physician, (b) related to a test result that lies outside the clinically significant normal or expected range in view of the condition of the patient, (c) result in a written narrative report

included in the patient's records, and (d) require the exercise of medical judgment of the consulting pathologist.

D. Provider Services. Medical Services which do not constitute professional services hereunder which are rendered by the Medical Director or any of the Physicians, for the general benefit of patients in the Hospital shall constitute "provider services." Pursuant to this Agreement, clinical pathology services provided by Pathologist shall be considered provider services. Such services shall include administration of Hospital's clinical laboratory, supervision and training of laboratory technicians and other personnel, quality control, and all other services provided by Pathologist in connection with the operation of Hospital's clinical laboratory.

V. Pathologist's Compensation.

A. Provider Services. For clinical pathology provider services provided by Pathologist hereunder, Hospital shall pay the amount of $7500.00 per month. The amount payable to Pathologist hereunder shall be paid in arrears on or before the 15th day of each calendar month for the immediately preceding calendar month. The parties agree that the compensation under this Agreement is set in advance, commercially reasonable, consistent with fair market value for the services actually required and performed, and not determined in a manner that takes into account the volume or value of referrals or other business generated between the parties.

B. Time Studies. Not less often than quarterly during the term of this Agreement, Pathologist shall submit to Hospital a two-week time study in accordance with the time study requirements under applicable Medicare and Medi-Cal law. Each time study must be accurate, contemporaneous or otherwise compliant with applicable reimbursement rules, certified by Pathologist, retained for audit, and sufficient to distinguish administrative/provider services from separately billable professional services.

C. Billing for Professional Services. Pathologist will bill for Pathologist's professional services including the professional component of laboratory fees provided after the effective date of this agreement subject to the limitation in paragraph D below. Hospital will supply to Pathologist sufficient billing documentation to facilitate and expedite this process, in the form of an electronic file. This documentation will be provided in a timely and accurate manner. Pathologist will not pursue those payers whose policies preclude payment for the professional services component and will not aggressively pursue direct payment from Hospital's patients. Pathologist's contracted billing agent, APS Medical Billing, will collect up-to-date and accurate data on the outcome of professional billing and collection. Summary data will be shared between Pathologist and Hospital.

D. Limitation on Billing. Pathologist agrees not to bill, or cause to be billed, Medicare patients or Medicare (Part B) carriers for administrative, supervisorial or other provider services provided by Pathologist, the Medical Director or the Physicians

in violation of applicable Medicare regulations under 42 C.F.R. Part 415, Subpart C or any successor regulations. Pathologist may bill for the professional services allowed by the Medicare program, as supplemented and amended from time to time. Pathologist shall defend, indemnify, and hold harmless Hospital and its directors, officers, employees, agents, and representatives from and against all claims, liabilities, losses, damages, overpayments, refunds, repayments, offsets, recoupments, penalties, fines, interest, costs, expenses, and reasonable attorneys' fees arising out of or relating to any actual or alleged improper billing, duplicate billing, unbundling, upcoding, documentation deficiency, misuse or unauthorized use of Hospital's provider numbers, billing credentials, tax identification information, or payer enrollments, or any other act or omission of Pathologist, the Medical Director, any Physician, Pathologist's billing agent, or any of their respective agents, employees, contractors, or subcontractors in connection with services under this Agreement.

E. For Anatomical Pathology Services. Except for the compensation expressly set forth in Section V.A for clinical pathology provider services, Pathologist shall receive no compensation from Hospital for anatomical pathology professional services and shall look solely to its authorized professional billing and collections for such services.

VI. Billings.

A. Billing by Hospital. Hospital shall bill directly for all clinical laboratory services.

B. Billing by Pathologist. Pathologist shall bill directly for all professional services, and professional components of all histopathology services.

C. Pathologist's Billing Costs; Fees. All billings by Pathologist, as authorized herein, shall be at Pathologist's own expense and under its own provider numbers, as established by Medicare, Medi-Cal, and/or other appropriate agencies. Hospital shall provide Pathologist with all available information normally required for billing purposes. The fees for the professional services for which Pathologist is authorized to bill, hereunder, shall be established by Pathologist at its sole discretion, and Hospital shall have no right to bill for such services. Further, Hospital shall have no regulatory authority or control relative to such fees. Pathologist shall furnish Hospital with a list of fees for professional services, upon execution of this Agreement, and Pathologist shall inform Hospital, in writing, at least thirty (30) days prior to the effective date of any change in the fee schedule. Pathologist may not use Hospital's provider numbers, billing credentials, tax identification information, or payer enrollments without Hospital's prior written approval and only in strict compliance with applicable law, payer rules, and Hospital policies.

VII. Reimbursement Issues.

A. Parties' Right to Contest. Any denial or disallowance of reimbursement from any federal or state medical care program, or other third-party reimbursement source, including, without limitation, Medicare or Medi-Cal, may be contested by either party, at its expense, unless the Parties otherwise agree. The noncontesting party agrees to cooperate with the contesting party with respect to any such contest or appeal. A party's obligation to indemnify the other party for any such denial or disallowance, described in VII.B. shall not be tolled or diminished by the fact that a party has elected to contest such denial or disallowance.

B. Indemnification for Overpayments. Pathologist shall defend, indemnify, and hold Hospital harmless from and against any denial, disallowance, recoupment, offset, refund, repayment, overpayment, penalties, fines, interest, costs, expenses, and reasonable attorneys' fees incurred by Hospital arising out of or relating to any actual or alleged act or omission of Pathologist, the Medical Director, any Physician, Pathologist's billing agent, or any of their respective agents, employees, contractors, or subcontractors. If reimbursement is denied or disallowed to the extent finally determined to have resulted from Hospital's breach, negligence, or willful misconduct, and not from any act or omission of Pathologist or its billing agent, Hospital shall indemnify Pathologist for the amount of such denied or disallowed reimbursement.

VIII. Conflict of Interest.

A. Limitations on Outside Activities. As a material inducement for Hospital to enter into this Agreement, Pathologist agrees that it will not:

i. Enter into any agreement or arrangement with any other hospital to provide pathology, laboratory or nuclear medicine services without the prior written consent of Hospital, which consent shall not be unreasonably withheld or delayed; or

ii. Directly or indirectly own, operate, manage, be employed by, or contract with any non-hospital based entity or organization which provides pathology, laboratory or nuclear medicine services without the prior written consent of Hospital, which consent shall not be unreasonably withheld or delayed.

B. Applicable Limitation. The limitations in Paragraph VIII. A. shall become effective as of the date of this Agreement and shall continue during its term. The limitations shall apply only to Pathologist's activities within the boundaries of the County of Imperial.

IX. Managed Care Contracting. Pathologist shall use its best efforts to contract with all PPO, EPO, HMO and other third party payors ("Managed Care Contractors") currently contracting with Hospital. Hospital will provide Pathologist with a list of Managed Care Contractors, and notify Pathologist of any new Managed Care Contractors. Hospital

reserves the right to review Pathologist's billing schedule and to provide suggestions and recommendations with respect thereto. While Pathologist has no obligation whatsoever to accept such suggestions or recommendations, it agrees to bill in compliance with current regulatory guidelines and to avoid billing patterns which could adversely affect Hospital's right to bill as otherwise authorized in this Agreement. If Pathologist is unable to contract with any Managed Care Contractor, then Pathologist shall notify Hospital immediately with its plan to assure that Hospital's patients receive appropriately discounted services; however, Pathologist would not be expected to provide a discount greater than that provided by Hospital to such patients.

X. Dues, Licenses and Fees; Educational Expenses. Pathologist shall be responsible for the payment of any professional dues, licenses and fees, continuing education expenses or any other expenses incurred by Pathologist during the term of this Agreement.

XI. Professional Courtesy. Pathologist may waive fees for its professional services. Any such waiver shall not constitute a waiver of Hospital's charges related to such services, without prior approval of Hospital administrator.

XII. Medi-Cal Reimbursement Requirements.

A. Legal Compliance. Both parties to this Agreement shall comply with Section 504 of the Rehabilitation Act of 1973, and Titles VI and VII of the 1964 Civil Rights Act, as amended.

B. B. Notice to State. If Pathologist is legally required to use a Medi-Cal provider number distinct from that of Hospital, that number shall be jointly forwarded by the parties, along with any change, modification, extension, deletion or termination of the arrangement to the then-current Medi-Cal provider-enrollment authority by the method required by applicable law.

XIII. Limited Department Use by Pathologists. Pathologist shall be prohibited from using Hospital, at any time, as an office for the general practice of medicine. Pathologists and its Physicians shall not admit patients to Hospital or treat inpatients, unless such Physician(s) have obtained Medical Staff privileges authorizing admission of such patients.

XIV. Access to Books and Records. In addition to the requirements specified in Paragraph VI and to the extent required by Section 1395x(v)(1)(I) of Title 42 of the United States Code, until the expiration of four (4) years after the furnishing of services under this Agreement, Pathologist and Hospital shall make available upon written request by the Secretary of the United States Department of Health and Human Services, or the Comptroller General of the United States, the United States Government Accountability Office, or their duly authorized representatives, a copy of this Agreement and such books and documents and records as are necessary to certify the nature and extent of the costs of the activities of the parties under this Agreement. Pathologist agrees that in the event Pathologist carries out any of its

duties under this Agreement through a subcontract, with a value or cost of ten thousand dollars ($10,000.00) or more over a twelve (12) month period, with a related organization, such contract 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 by the Secretary of the United States Department of Health and Human Services, or upon request by the Comptroller General of the United States, the United States Government Accountability Office, or their duly authorized representatives, a copy of such subcontract and such books, documents and records of such organization as are necessary to verify the nature and extent of such costs.

XV. Independent Contractor. In the performance of the work, duties, and obligations required pursuant to this Agreement, it is mutually understood and agreed that Pathologist is at all times, acting and performing as an independent contractor, and nothing in this Agreement is intended nor shall it be construed to create between Hospital and Pathologist an employer/employee relationship, joint venture relationship, lease, or landlord/tenant relationship. Hospital shall neither have nor exercise any control or direction over the methods by which Pathologist shall perform its work and functions. The sole interest and responsibility of Hospital is to assure that the services covered by this Agreement shall be performed and rendered in a competent, efficient and satisfactory manner. The medical practice and professional duties of Pathologist shall be subject to the policies, bylaws, rules and regulations of Hospital and its Medical Staff, and Pathologist shall be subject to all applicable provisions of law and requirements of accrediting bodies or regulatory agencies applicable to the practice of pathology and nuclear medicine.

XVI. Insurance. Coverage For Performance of Clinical Duties Pathologist shall procure and maintain, at Pathologist's expense, malpractice insurance to protect against any liability to the public for bodily injury or property damage, incident to the use of or resulting from Pathologist's clinical pathology professional services, as described in Paragraph III(C), with limits satisfactory to the Hospital, but in no event less than one million dollars ($1,000,000.00) per occurrence and three million dollars ($3,000,000.00) in the annual aggregate. Pathologist shall furnish to Hospital a certificate evidencing said insurance, which provides that Hospital will receive notice not less than thirty (30) days prior to the cancellation of any such insurance.

XVII. Training. Pathologist shall provide training sessions to the laboratory technologist(s) as a part of its regular Department meetings. This will be coordinated with Hospital's administration.

XVIII. Mutual Indemnification. Except as otherwise expressly provided in Section VII.B, each party shall indemnify and hold harmless the other party and its directors, officers, employees, agents, and representatives from and against third-party claims, liabilities, losses, damages, costs, expenses, and reasonable attorneys' fees, but only to the extent finally determined by a court of competent jurisdiction or

agreed by the indemnifying party in writing to have resulted from the indemnifying party's negligence, willful misconduct, or material breach of this Agreement. Hospital shall have no obligation to indemnify Pathologist for any claim, liability, loss, damage, cost, expense, or attorneys' fees arising out of or relating to Pathologist's professional judgment, clinical services, billing, documentation, provider-number use, or any act or omission of Pathologist, the Medical Director, any Physician, Pathologist's billing agent, or any of their respective agents, employees, contractors, or subcontractors.

XIX. Term. This Agreement shall commence July 1, 2026 and end June 30, 2027. This Agreement shall terminate at the end of its term, unless renewed in writing, by mutual agreement of the parties. Nothing herein, however, shall be deemed to abrogate Hospital's right to terminate this Agreement, as described in Paragraphs XX.A. and XX.B.

XX. Termination.

A. Sixty (60) Day Termination Due to Legislative Limitations. In the event that Medicare, Medi-Cal, any other federal, state or local governmental agency, or any other third party payor or group of payors, changes any laws, rules, regulations or official interpretations at any time during the term of the Agreement and such changes prohibit, restrict or in any way substantially change the method or amount of reimbursement or payment for services rendered under this Agreement, then the parties to this Agreement shall meet and negotiate such changes as the parties deem appropriate. In the event the parties cannot agree upon amendment prior to the effective date of such change, either party may terminate this Agreement as of such effective date by giving not less than sixty (60) days' notice thereof to the other party.

B. Thirty (30) Day Termination by Hospital. Notwithstanding anything to the contrary herein contained, if Pathologist's performance of its duties and responsibilities as set forth in this Agreement should be in violation of any statute or ordinance, or for any reason found to be illegal or unethical by any body with jurisdiction or authority over Pathologist's medical or professional disciplines, or for a material breach of this Agreement, and the circumstances relating thereto shall not have been corrected within thirty (30) days following written notice by Hospital to Pathologist specifying the reasons therefor, Hospital, at its option, may terminate this Agreement forthwith.

    i. Hospital's Immediate Right to Terminate. Notwithstanding anything to the contrary herein contained, this Agreement may be terminated by Hospital with one day's written notice to Pathologist upon the occurrence of any of the following events:

        a. Failure to cure any of the following conditions, within fifteen (15) days' written notice by Hospital:

1. The appointment of a receiver to take possession of all or substantially all of the assets of Pathologist's business; or

2. The filing of a petition in bankruptcy by or against Pathologist.

b. Failure of Pathologist to immediately remove from service at Hospital pursuant to this Agreement, any Physician or employee who:

1. Is determined by Hospital, in consultation with the Medical Staff executive committee, to have acted with gross misconduct of a professional nature or is determined by Hospital to have acted with gross misconduct of a personal nature;

2. Has Medical Staff privileges or membership either suspended or revoked;

3. Has his or her right to practice medicine in the State of California either suspended or revoked;

4. Is placed on the Medicare sanctions list;

5. Is convicted of a felony, or any crime (other than minor traffic violations) involving or related to activities performed pursuant to this Agreement;

6. Is adjudged by a court of competent jurisdiction to be incompetent;

7. Is disabled to the extent he or she is unable to perform the duties required by this Agreement and a suitable replacement has not been furnished by Pathologist within five (5) days after the date such disability occurs; or

8. Has his or her participation in any governmental program, limited, suspended or terminated.

C. Early Termination. Nothing in this Agreement shall limit Hospital's right, following any expiration or termination of this Agreement, to obtain pathology services from another provider or to enter into any replacement arrangement with Pathologist or any other provider that Hospital determines, after review by counsel, complies with applicable law.

D. No-Cause Termination. Either party may terminate this agreement at any time by providing sixty (60) days written notice to the other party.

XXI. Jeopardy Event. Should Hospital determine that continued performance of this Agreement may jeopardize Hospital's license, participation in Medicare, Medi-Cal, or any other reimbursement or payment program, accreditation, tax-exempt financing, patient safety, or legal or ethical compliance, Hospital may suspend the affected services or obligations, require corrective action, or terminate this Agreement upon written notice to Pathologist.

XXII. Compliance with Non-Discrimination Laws.

Non-Discrimination. During the performance of this Agreement, Pathologist and its subcontractors shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Pathologist and its subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Pathologist and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Division 4, Subchapter 1, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990(a-f), set forth in California Code of Regulations, Title 2, Division 4, Chapter 5, are incorporated into this contract by reference as if duly set forth herein. Pathologist and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Pathologist shall include the nondiscrimination and compliance provisions of this Agreement in all subcontracts to perform work under this Agreement.

XXIII. Confidentiality of Records. Pathologist and Hospital shall comply with the Health Insurance Portability and Accountability Act of 1996, its implementing regulations, and all current applicable California medical information privacy laws, including the California Confidentiality of Medical Information Act, in connection with any records or information prepared, maintained, used, received, or disclosed under this Agreement. Pathologist shall notify Hospital without unreasonable delay, and in no event later than five (5) business days after discovery, of any actual or suspected unauthorized access, use, or disclosure of patient information or other confidential information. Pathologist shall cooperate with Hospital in investigating, mitigating, remediating, documenting, and providing any required notices regarding any such incident, and shall take all reasonable corrective action requested by Hospital. If Hospital determines that a Business Associate Agreement is required, Pathologist shall execute and comply with Hospital's Business Associate Agreement before receiving, creating, maintaining, using, or disclosing protected health information on Hospital's behalf.

XXIV. Retention of Professional and Administrative Responsibility. In accordance with Title 22 California Code of Regulations Section 70713, Hospital shall retain

professional and administrative responsibility for the services rendered under this agreement.

XXV. Assignment. This Agreement shall not, nor shall any interest therein, be assignable by Pathologist without the prior written consent of Hospital. Any such assignment without consent shall be void and shall, at the option of Hospital, terminate this Agreement. Nothing herein shall be deemed to prohibit the transfer or assignment of Pathologist's rights, duties or obligations hereunder, to any other business entity, including, without limitation, a general partnership or corporation; provided, however, that such transfer or assignment shall require Hospital's prior written consent if the assignee or successor is composed of partners or equity owners different as to identity or percentage ownership, from Pathologist, as presently constituted.

XXVI. Full Understanding. This Agreement sets forth the full and complete understanding of the parties and any prior agreement, or writing, shall be of no force or effect. Any amendment hereto must be in writing and signed by both parties.

XXVII. Applicable Laws; Binding Agreement; Venue. This Agreement shall be interpreted and construed in accordance with the laws of the State of California and shall continue to be binding upon both parties hereto, its successors and assigns. Venue shall be Imperial County, California.

XXVIII Modifications. Notwithstanding any of the provisions of this Agreement, the parties may hereafter, by mutual written consent, agree to modifications and additions which are not forbidden by law.

XXIX. Binding on Successors. This Agreement shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, assigns, and successors of the parties hereto

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XXX No Waiver. Any waiver of or delay in enforcing any term or condition hereof must be in writing and signed by both parties. A waiver of any of the terms and conditions of this Agreement shall not be construed as a continuing waiver of the same term or condition or a wavier of any other term or condition hereof.

XXXI. Counterparts. This Agreement is executed in two counterparts, which shall be deemed an original, and both together shall constitute one and the same agreement, with one counterpart being delivered to each party.

XXXII Enforceability. In the event any provision of this Agreement is deemed void or unenforceable for any reason, it shall be deemed severable and the remaining provisions shall remain in full force and effect.

XXXIII Offset. In the event Pathologist (or any Physician) is indebted or financially obligated to Hospital for any reason and has failed to repay as required any such debt or obligation for 60 days or more, then Hospital in its sole discretion may offset the amount of such unpaid debt or obligation owed by Pathologist from any

compensation due and payable under this agreement to Pathologist. Hospital shall provide Pathologist written notice of the exercise of its offset rights under this paragraph at any time before, or at the time of exercise of the offset. Any offset(s) exercised by the Hospital shall not affect or change any other conditions or provisions of contracts or agreements between Hospital and Pathologist. Further, Hospital's exercise of any offset shall not be considered a waiver of any interest or penalty amount due and payable to the Hospital from Pathologist.

XXXIV Compliance with Disclosure Requirements of Hospital's Conflict of Interest Code. In accordance with the California Political Reform Act, the Hospital has promulgated its Conflict of Interest Code ("Code"). By executing this Agreement, Pathologist is a contract physician for purposes of the Code and is required by law to make certain disclosures each year of the term of this Agreement on Form 700 Statement of Economic Interests ("Form"). Hospital will provide Pathologist (and Physicians) with this Form annually. Pathologist agrees to complete and return this Form timely each year as required by law. (Additional information can be obtained from the California Fair Political Practices Commission at (866) 275-3772 and www.fppc.ca.gov.)

XXXV Notices. Any and all notices, including changes of the following addresses, required to be given pursuant to the terms of this Agreement may be given personally or by registered or certified mail, return receipt requested, or by Federal Express or other overnight service, addressed to Hospital or Pathologist at the following addresses:

Imperial Valley Healthcare District
207 W. Legion Road
Brawley, CA 92227
Attention: Chief Executive Officer

w/copy to:

Carly Zamora
Chief of Clinic Operations
207 W Legion Rd
Brawley, CA 92227

Pathology Associates of Southern California Providence Saint Joseph Medical Center
510 S. Buena Vista St.
Burbank, CA 91505

w/copy to:

Brent Edward Vallens
PO Box 2311
Chatsworth, CA 91313
Attention: Christine Rodriguez

XXXVI Attorneys' Fees. In the event that either party initiates legal proceedings to enforce or interpret the terms of this Agreement, the party prevailing in such proceedings shall be entitled to recover its reasonable attorneys' fees incurred as a result of such proceeding. The prevailing party shall be deemed by the Court as the party to have most prevailed in the proceeding irrespective of whether that party prevailed on any issue.

XXXVII Headings. Headings have been included solely as a convenience to the reader and are not intended nor shall they be construed in the interpretation of this Agreement.

XXXVIII No Payments After Termination. After termination of this contract, Pathologist understands that no payments will be made for post-termination services absent a new written agreement, but undisputed amounts for properly performed pre-termination services remain payable subject to Hospital's offset, audit, reimbursement, and indemnity rights.

XXXIX Payment of Taxes. Pathologist acknowledges and agrees that it will pay all applicable federal, state and local taxes in connection with the services provided pursuant to this Agreement. Pathologist agrees to defend and indemnify and hold the District harmless from any and all liability, claims, damages or losses (including, without limitation, attorneys' fees, costs penalties and fines) which arise against the District as a result of Pathologist's failure to perform its obligations under this Section.

XL. Treatment of MediCal and Medicare Patients. Pathologist shall not refuse treatment to MediCal or Medicare patients and shall participate in managed-care contracts in which Hospital does or will participate.

IN WITNESS WHEREOF, Hospital and Pathologist have entered into this Agreement as of the date first above written.

Pathology Associates of Southern California

_____

By: Kiran Qidwai, M.D.,
A Professional Corporation

Imperial Valley Healthcare District

_____

By: Carly Zamora
Chief of Clinic Operations

AGREEMENT FOR PATHOLOGY SERVICES

EXHIBIT A

Medical Director
Duties and Responsibilities

OVERVIEW

The Medical Director is accountable for the overall direction and supervision of all matters related to the Department.

QUALIFICATIONS

The Medical Director must meet the qualifications established for laboratory director, set forth in Title 42 Code of Federal Regulations, Subpart M of Subchapter E (Standards and Certifications) commencing at Section 493.1351 and any applicable revisions or amendments thereafter adopted. This person must be a physician licensed in the State of California and be certified by the American Board of Pathology in Anatomic Pathology.

STATEMENT OF DUTIES AND RESPONSIBILITIES

A. The following are examples of the Medical Director's duties and responsibilities. The listed examples are set forth without limiting the duties and responsibilities described in the Agreement or in the above cited provisions of Title 42 of the Code of Federal Regulations. It is to be noted that some responsibilities of the Medical Director can be delegated in the manner specified in the Regulations. Some responsibilities cannot be delegated.

    1. Examples of Medical Director's Duties and Responsibilities:

        a. Assure that testing systems developed and used for each of the tests performed in the laboratory provide quality laboratory services for all aspects of test performance, which includes the preanalytic, analytic, and postanalytic.

        b. Provide consultation to Hospital to assure that the physical plant and environmental conditions of the laboratory are appropriate for the testing performed and provide a safe environment in which employees are protected from physical, chemical, and biological hazards.

        c. Assure that the test methodologies selected have the capability of providing the quality of results required for patient care; verification procedures used are adequate to determine the accuracy, precision, and other pertinent performance characteristics of the method; and that laboratory personnel are performing the test methods as required for accurate and reliable results.

        d. Assure that the laboratory is enrolled in an HHS approved proficiency testing program for the testing performed and that the proficiency testing samples are tested as required under subpart H of 42 CFR Part 493; the results are returned within the time frames established by the proficiency testing program; all proficiency testing reports received

are reviewed by the appropriate staff to evaluate the laboratory's performance and to identify any problems that require corrective action; and an approved corrective action plan is followed if ever any proficiency testing result is found to be unacceptable or unsatisfactory.

e. Assure that the quality control and quality assurance programs are established and maintained to assure the quality of laboratory services provided and to identify any failures in quality that may occur.

f. Assure the establishment and maintenance of acceptable levels of analytical performance for each test system.

g. Assure that all necessary remedial actions are taken and documented if ever significant deviations from the laboratory's established performance characteristics are identified, and that patient test results are reported only when the system is functioning properly.

h. Assure that reports of test results include pertinent information required for interpretation.

i. Assure that consultation is available to the laboratory's clients on matters relating to the quality of the test results reported and their interpretation concerning specific patient conditions.

j. Assure that a general supervisor provides on-site supervision of high complexity test performance by testing personnel qualified under the Regulations.

k. Provide consultation to Hospital to assure that Hospital employs a sufficient number of laboratory personnel with the appropriate education and either experience or training to provide appropriate consultation, properly supervise and accurately perform tests and report tests in accordance with the personnel responsibilities described in the Regulations.

l. Work in conjunction with Hospital Management to assure that prior to testing patients' specimens, all personnel have the appropriate education and experience, received the appropriate training for the type and complexity of the services offered, and have demonstrated that they can perform all testing operations reliably to provide and report accurate results.

m. Assure that policies and procedures are established for monitoring individuals who conduct preanalytical, analytical, and postanalytical phases of testing to assure that they are competent and maintain their competency to process specimens, perform test procedures and report test results promptly and proficiently and, whenever necessary, identify needs for remedial training or continuing education to improve skills.

n. Work in conjunction with Hospital Management to assure that an approved procedure manual is available to all personnel responsible for any aspect of the testing process.

o. Specify in writing, the responsibilities and duties of each supervisor, as well as each person engaged in the performance of the preanalytic, analytic, and postanalytic phases of testing that identifies which examination and procedures each individual is authorized

to perform, whether supervision is required for specimen processing, test performance or result reporting, and whether supervisory or director review is required prior to reporting patient test results.

IMPERIAL VALLEY HEALTHCARE DISTRICT

CONSENT AGENDA: IVHD and MedPro International Agreement

BOARD MEETING DATE: June 2026

SUBJECT: Agreement between Imperial Valley Healthcare District and MedPro International.

BACKGROUND:
Clinical Laboratory Scientist (CLS) positions are among the most difficult healthcare laboratory roles to recruit and retain. To maintain adequate staffing levels within IVHD Laboratories and ensure continuity of laboratory operations, it is necessary to maintain agreements with qualified recruitment agencies. MedPro International provides long-term CLS candidates to IVHD Laboratories at rates that are lower than traditional traveler staffing rates. The agency's pre-negotiated rates are comprehensive and include salary, benefits, housing, per diem expenses, and travel costs, allowing IVHD to secure qualified personnel while maintaining predictable staffing expenses.

KEY ISSUES:
Historically, IVHD Laboratory relied on direct recruitment of foreign-trained Clinical Laboratory Scientists to address staffing needs. Recent USCIS guideline changes have increased the financial burden of this hiring pathway, limiting the laboratory's ability to utilize this workforce source.

CONTRACT VALUE: Services will be used only as needed to address staffing requirements. The estimated annual cost for a Clinical Laboratory Scientist (CLS) hired through this agency is $135,000.

CONTRACT TERM: 3 years

BUDGETED: Yes

BUDGET CLASSIFICATION: Salary

RESPONSIBLE ADMINISTRATOR: Carly Zamora, Interim CEO

RECOMMENDED ACTION: Approve 3-year agreement between IVHD and MedPro International.

Foreign-Trained Healthcare Professionals
Long-Term Staffing Agreement

This Foreign-Trained Healthcare Professionals Long-Term Staffing Agreement ("Agreement") is entered into on _____ by and between **Management Health Systems, LLC d/b/a MedPro International** located at 1580 Sawgrass Corporate Parkway Suite 200, Sunrise, Florida 33323 **("**MedPro" or "Agency"), and **Imperial Valley Healthcare District d/b/a/ Pioneers Memorial Hospital** located at 207 West Legion Road, Brawley, CA 92227 ("Client"). MedPro and Client may each be referred to herein as a "Party" and collectively as the "Parties".

Recitals:

WHEREAS, MedPro is in the business of identifying, training, and employing foreign-trained healthcare professionals (each a "Long-Term Healthcare Professional") and placing them on a supplemental basis at third-party healthcare facilities; and

WHEREAS, Client is a healthcare facility and wishes to engage MedPro to provide Long-Term Healthcare Professionals to its facility(ies) under specific work assignments ("Assignment").

NOW THEREFORE, in consideration of the mutual promises set forth below and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Description of Services

A. Client designates MedPro as a non-exclusive provider of Long-Term Healthcare Professionals to meet its staffing needs. MedPro will supply Long-Term Healthcare Professionals to perform services for Client (the "Services") under Assignment. MedPro may provide the same or similar Services to other health care facilities not owned or affiliated with Client.

B. As part of the Services, MedPro shall present to Client Long-Term Healthcare Professionals in various disciplines, to fill Client's needs. Prior to presentation, MedPro shall carefully screen each Long-Term Healthcare Professional to determine their competence. Due to the nature of the Long-Term Healthcare Professional recruitment and employment process, MedPro cannot guarantee its ability to immediately fill Client's staffing needs. In the absence of an immediately available Long-Term Healthcare Professional, Client may request that, in the interim, MedPro prefill its immediate need(s) by utilizing other immediately available Healthcare Professionals on a supplemental basis ("Prefill Healthcare Professionals"). Services provided by Prefill Healthcare Professionals shall be governed by this Agreement and **Appendix B** ("Prefill Healthcare Professionals Rate Schedule"). To the extent any terms in **Appendix B** expressly conflict with the terms of this Agreement, **Appendix B** shall prevail.

C. Client shall review the profiles of Long-Term Healthcare Professionals presented by MedPro and identify those Long-Term Healthcare Professionals it wishes to interview. MedPro will schedule the Long-Term Healthcare Professional for interview by the Client via phone or Skype. In-person interviews may also be utilized when practical to do so. Client may waive the right to identify or interview the Long-Term Healthcare Professionals.

D. Once a Long-Term Healthcare Professional is selected for an Assignment, MedPro shall perform all actions reasonably required and use its best efforts to cause the Long-Term Healthcare Professional to timely commence and successfully undertake the Assignment.

E. The quality of the healthcare provided to Client's patients is of primary concern to both Parties and each Party agrees to regularly communicate with the other Party regarding the quality and competency of the Long-Term Healthcare Professionals on an Assignment.

F. Client and MedPro shall each assign one employee, and an alternate, to be the respective Party's primary point of contact.

G. Services will be performed according to Joint Commission standards. MedPro shall provide Client with proof of compliance with Joint Commission standards upon request.

2. MedPro Employment Obligations

A. The Parties acknowledge and agree that MedPro, rather than Client, is the employer of any Long-Term Healthcare Professionals on an Assignment to Client.

B. MedPro shall comply with all federal laws, regulations and procedures regarding the employment of Long-Term Healthcare Professionals including, but not limited to, ensuring that each is duly authorized to work in the United States.

C. MedPro shall:

   a. Timely pay all wages due its Long-Term Healthcare Professionals on Assignments; and

   b. Provide each Long-Term Healthcare Professional with statutory benefits (including workers' compensation and unemployment insurance benefits) and supplemental health insurance and other optional benefits; and

   c. Withhold, pay, and timely transmit payroll taxes for each Long-Term Healthcare Professional; and

   d. Provide and pay for each Long-Term Healthcare Professional's professional-liability insurance.

D. MedPro warrants that it will require each Long-Term Healthcare Professional placed on an Assignment to comply with all state and federal laws, rules, and regulations related to; CDC, OSHA, Universal Precautions, TB, Infectious Waste, Joint Commission Standards, and CMS.

E. MedPro is a drug-free work environment and will screen each Long-Term Healthcare Professional to ensure they have the appropriate State license, immunizations, background checks, and clearance necessary to work as a Healthcare Professional in the State where the Client's facility is located.

F. Each Long-Term Healthcare Professional shall be advised that they are not an employee of the Client and shall look solely to MedPro as his/her employer and for the benefits that (s)he is entitled to receive and for any employment-related issues.

3. Orientation and Management of Long-Term Healthcare Professionals

A. MedPro will provide each Long-Term Healthcare Professional with orientation regarding MedPro's internal policies and practices.

B. Client shall be responsible for providing Client-specific orientation to Long-Term Healthcare Professionals upon commencement of the Assignment and providing each Long-Term Healthcare Professional with orientation to the unit to which (s)he will be assigned. Such orientation and training shall include instructions regarding patient confidentiality. Long-Term Healthcare Professionals shall be provided a minimum of two weeks of Client-specific orientation, which may be extended for up to

an additional two weeks on a case-by-case basis. During the period of orientation, Client shall pay MedPro the orientation bill rate specified in **Appendix A**.

C. Client may request that MedPro allow Long-Term Healthcare Professionals to float to other units in its facilities if the Long-Term Healthcare Professional has the competencies required to perform the duties assigned. In such cases, immediately upon transfer, Client shall provide Long-Term Healthcare Professional with an orientation to the unit.

D. MedPro and Client shall include Long-Term Healthcare Professionals in programs and trainings designed to meet the National Patient Safety Goals and the Performance Improvement Measures of CDC, OSHA, CMS, OIG, The Joint Commission, and other governmental agencies. Client shall maintain a record of the training and provide MedPro with written documentation of the training received by each Long-Term Healthcare Professional on Assignment.

E. Client certifies that an exposure control program including a blood-borne pathogens policy and procedure (according to OSHA CFR 1910.1030), is in effect at the facilities where the Long-Term Healthcare Professionals are on Assignment and will be shared with Long-Term Healthcare Professionals as required by statute. Copies of this policy and procedure shall be available to MedPro upon request. In addition, Client shall provide appropriate personal protective equipment for each Long-Term Healthcare Professional assigned to the Client's facilities.

F. At all times, Long-Term Healthcare Professionals, when on Assignment at the Client, shall retain the full authority and responsibility for patient care and professional medical management of its clients. Client shall monitor Long-Term Healthcare Professional to ensure that the patient care is provided in a safe and effective manner and in accordance with community standards.

G. Client shall not require Long-Term Healthcare Professionals to work any off-the-clock time.

H. Client shall provide a minimum schedule to each Long-Term Healthcare Professional on Assignment ("Guaranteed Hours") of thirty-six (36) hours per week. Non-worked hours resulting from the absence of the Long-Term Healthcare Professional due to illness or personal reasons, or closure of the Facility for a Holiday will reduce the Guaranteed Hours. Client is permitted to float or reassign Long-Term Healthcare Professionals within the facility to other areas of practice within their clinical competence to fulfill the Guaranteed Hours. The decision by the Client to float a Long-Term Healthcare Professional to an Assignment that has a lower bill rate shall not entitle the Client to apply a lower bill rate. Client shall continue to pay the higher bill rate.

I. Client shall not approve time off for any Long-Term Healthcare Professional without prior consent from MedPro. Client agrees to provide each Long-Term Healthcare Professionals with all meal periods and rest breaks as required by law.

J. In the event Client seeks to cancel a confirmed Assignment prior to its start, Client shall provide a minimum of fourteen (14) days' notice prior to the scheduled start date. If Client cancels a confirmed Assignment upon less than fourteen (14) days' notice, Client shall pay one (1) week of the hourly contracted billable base rate for that employee, based upon a 36-hour work week, as liquidated damages.

K. Nurses assigned to work in California will not accept a patient assignment above the nurse patient ratio adopted by the California Office of Administrative Law (OAL), AB 394, of September 2003.

L. Upon MedPro's request, Client shall provide MedPro feedback in the form of a written evaluation of the performance and competencies of Long-Term Healthcare Professionals placed on Assignment at Client's facilities. Feedback is encouraged and allows MedPro to continuously assess the Long-Term Healthcare Professionals clinical competencies for each evaluation period helping to improve

patient care and safe practices. Clinical evaluations are completed in compliance with Joint Commission standards for MedPro (Joint Commission Health Care Staffing Certification).

M. MedPro, as the employer of the Long-Term Healthcare Professionals, is solely responsible for any disciplinary actions regarding performance of the Long-Term Healthcare Professionals.

4. Incidents and Reporting

A. Client shall notify MedPro immediately of any Incidents, errors, sentinel events, injuries, unanticipated deaths or safety hazards, ethical issues/concerns, cultural issues/concerns, complaints, grievances, absenteeism, tardiness, failure to perform duties at expected levels, any violation of local, state, and federal laws, property damage, negative pattern or trend, or any other adverse event involving the Long-Term Healthcare Professional. Each of the above may initially be reported by telephone but must immediately thereafter be followed up by the Client either by email or letter to MedPro that contains such sufficient detailed information to allow MedPro to timely work with Long-Term Healthcare Professional and Client to clarify, arbitrate, resolve, or implement disciplinary actions, or take whatever actions MedPro deems appropriate. Client shall to the extent required by applicable law report any Incidents to the designated reporting body. “Incidents” are defined as situations that have or could result in legal action, workers’ compensation injury or illnesses, or infractions of the Client’s policies and procedures.

B. Within forty-eight (48) hours of the occurrence of any Incident involving a Long-Term Healthcare Professional, Client shall obtain from the Long-Term Healthcare Professional all necessary forms or documentation. MedPro authorizes reimbursement to Client for post exposure medical evaluation and first aid. MedPro will maintain all responsibility for post-exposure follow-up care.

C. MedPro, at all times, retains sole responsibility for disciplinary actions regarding, and termination of, its Long-Term Healthcare Professionals. But MedPro authorizes Client to, at any time, require a Long-Term Healthcare Professional to leave its facility if it believes that he/she has engaged in misconduct or negligence. Upon such removal, Client will immediately notify MedPro in writing either by email or letter and provide sufficient detailed information regarding the reason for the removal. Removal of a Long-Term Healthcare Professional by Client will not terminate the employer-employee relationship between MedPro and Long-Term Healthcare Professional, as only MedPro can terminate its employees. Client shall be liable to pay MedPro for all hours worked by the Long-Term Healthcare Professional prior to removal.

D. Long-Term Healthcare Professionals may report issues at a Client facility or MedPro directly to The Joint Commission without fear of retaliation from the Client or MedPro.

5. Damages for Breach of Non-Solicitation.

Client acknowledges that MedPro employs each Long-Term Healthcare Professional under a long-term employment agreement; that MedPro makes a sizable investment in the recruitment, training and deployment of such Long-Term Healthcare Professionals; and that MedPro has additional work assignments available for each of them. Client acknowledges that Client’s breach of this non-solicitation provision would cause significant financial harm to MedPro. As such, the Parties agree as follows:

a. Long-Term Healthcare Professionals who are introduced[1] to Client or its affiliated facilities:

To the extent permitted by California law, Client and its affiliated facilities shall not knowingly, for any reason, contact or solicit, directly or indirectly, any Long-Term Healthcare Professional to become employed or engaged directly or indirectly by Client or its affiliated facilities during (i) the

[1] *But did not work on Assignment for Client or its affiliated facilities.*

Long-Term Healthcare Professional's Commitment Term with MedPro and (ii) the Non-Compete Period. The Non-Compete Period is defined as two (2) years after the expiration and/or termination of the Long-Term Healthcare Professional's employment with MedPro, or to the extent permitted under California law.

b. Long-Term Healthcare Professionals who work on Assignment for Client or its affiliated facilities:

To the extent permitted under California law, Client and its affiliated facilities shall not, for any reason, contact or solicit, directly or indirectly, any Long-Term Healthcare Professionals to become employed or engaged directly or indirectly by Client or its affiliated facilities unless Long-Term Healthcare Professional has (i) completed their Assignment with Client or its affiliated facilities; and (ii) completed their Commitment Term with MedPro, as defined in their Employment Agreement.

6. Equal Employment Opportunity and Nondiscrimination.

The Parties will comply with all applicable federal, state and local employment laws, rules and regulations. Neither Party will discriminate or illegally harass any applicant, candidate, or Long-Term Healthcare Professional on the basis of sex, race, creed, color, religion, age, disability, national origin, genetic information, citizenship, veteran status, or on any other classification protected under applicable law. This duty of nondiscrimination extends to all employment decisions including, but not limited to, recruitment, selection, hiring, transfers, assignments, classifications, termination, discipline, compensation and benefits. The Parties will comply with all laws that govern the rights of those with disabilities such as the Americans With Disabilities Act. The Parties will make every effort to ensure that neither discriminates against employees and applicants with disabilities who are qualified for Assignments; and will cooperate as required by law to provide reasonable accommodations when requested by a qualified disabled individual. Additionally, Parties will accommodate as appropriate, and to the extent required by applicable law, those Long-Term Healthcare Professionals who request an accommodation due to their sincerely held religious beliefs.

7. Time Records, Invoicing and Payment

A. MedPro shall invoice Client on a weekly basis for all Services provided as evidenced by authorized time records.

B. MedPro shall be entitled to invoice Client based on the authorized time records and bill rates set forth in **Appendix A**. In addition to the rates listed on **Appendix A**, until such time as the Parties may renegotiate rates, MedPro will bill and the Client will pay any new or increased FICA, FUTA, SUTA and other applicable statutory taxes if MedPro receives an increase from the applicable administering body. Any such increase will be billed as a direct pass through to the Client without markup or additional profit to MedPro. Failure by MedPro to exercise such rate increase upon receipt by MedPro shall not preclude MedPro from implementing such a rate increase at a later time. Otherwise, except for the cost-of-living increases provided in **Appendix A** the bill rates shall not change during the Term of this Agreement unless by written mutual consent of the Parties.

C. Client shall issue payment to MedPro via check or electronic funds transfer within thirty (30) days from date of invoice ("Payment Terms"). Late charges may be added for invoices that remain unpaid beyond the Payment Terms at the rate of 1.5% per month (18% per annum) or the highest rate permitted by applicable law. In the event that invoices remain unpaid beyond the Payment Terms, MedPro has the right to cancel or suspend performance under this Agreement and remove Long-Term Healthcare Professionals from Client's facility. If Client disputes any invoice it must give notice within thirty (30) days of the date of invoice and pay MedPro the undisputed portion. Failure to give timely notice shall constitute a waiver of the right to contest the invoice.

D. **Sales, Gross Receipts and Other Applicable Taxes**. Rates listed in this Agreement and/or specified in documents related to this Agreement do not include state or local sales tax, gross receipts tax or other applicable taxes. Unless Client is exempt from such taxes and provides the required documentation to substantiate, MedPro shall add to all invoices all applicable taxes and Client shall pay MedPro those taxes. If Client liability for taxes arises as a result of (a) a determination that the Client was not exempt or (b) a determination such services should have been taxable and for which no taxes were charged, MedPro shall invoice Client for the applicable taxes and Client shall immediately pay any such amounts as per the Payment Terms.

8. Insurance

A. MedPro shall maintain insurance coverage for Long-Term Healthcare Professionals as follows:

   a. Commercial general liability insurance in an amount of $1,000,000 per occurrence and $3,000,000 aggregate; and

   b. Professional liability insurance in an amount of $1,000,000 per occurrence and $3,000,000 aggregate; and

   c. Worker's Compensation coverage in those amounts required under state law.

B. All coverage required under this Agreement must be provided by commercial insurers that have a minimum current A.M. Best rating of A- or better.

C. MedPro shall provide Client with certificates of insurance evidencing coverage.

9. Indemnification

A. MedPro agrees to indemnify Client for claims and liabilities (including reasonable and documented attorney's fees and expenses incurred in the defense thereof at all trial levels) of bodily injuries or death caused directly by the negligent acts or omissions of MedPro or its employees unless acting under the direction of Client, its employees, agents or representatives (including Client's healthcare providers) or agents. MedPro's indemnification obligation herein does not extend to any acts or omissions of Client or their employees or agents.

B. Client agrees to indemnify MedPro for claims and liabilities (including reasonable and documented attorney's fees and expenses incurred in the defense thereof at all trial levels) of bodily injuries or death caused directly by the negligent acts or omissions of Client or Client employees, representative or agents. Client shall indemnify, defend and hold harmless MedPro for any claims, fines, and liabilities by federal or state OSHA or similar agencies for failure to meet any legal obligations to provide Long-Term Healthcare Professionals with training, personal protective equipment, proper record keeping and in maintaining a safe worksite regardless of who is cited for such violations. Except as provided herein, Client's indemnification obligation herein does not extend to any acts or omissions of MedPro or their employees or agents.

C. MedPro's duty to supply Long-Term Healthcare Professionals at the Client's request is subject to the availability of qualified Long-Term Healthcare Professionals that satisfy the Client's needs. The failure of MedPro to provide Long-Term Healthcare Professionals in response to a requested Assignment shall not constitute a breach of this Agreement.

D. **CONSEQUENTIAL; SPECIAL DAMAGES**. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, SPECIAL OR PUNITIVE DAMAGES OR EXPENSES OR LOST PROFITS (REGARDLESS OF HOW CHARACTERIZED AND EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES) UNDER OR IN CONNECTION WITH THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION (WHETHER

IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, STATUTORY LIABILITY OR OTHERWISE). NOTWITHSTANDING THE FOREGOING THE LIMITATION SHALL NOT APPLY TO ANY DAMAGES ARISING OUT OF CLIENTS TORTIOUS OR OTHER INTERFERENCE WITH ANY LONG-TERM HEALTHCARE PROFESSIONAL'S EMPLOYMENT AGREEMENT WITH MEDPRO.

10. Conflict of Interest.

It is the intent of MedPro to conduct staffing services in a fair, honest and ethical manner, and to manage and resolve real or perceived conflicts of interest in a fair manner with the goal of preserving a professional, mutually beneficial business relationship with our clients. In each of the following areas, MedPro and Client agree to the following guidelines:

a. Neither MedPro nor Client will knowingly or actively recruit the current, active employees of the other. If an employee of MedPro or Client actively seeks a position with the other, then MedPro/Client agree to initially refrain from taking any action on this expressed interest and will advise the applicant employee to discuss this interest with their current employer first.

b. Neither MedPro nor Client will establish a relationship that interferes with fair competition or is a conflict of interest with respect to an existing contractual relationship.

c. MedPro and Client agree to disclose any circumstance that may constitute a conflict of interest, and to work together to manage the issue through progressive levels of supervisory and management staff as may become necessary for resolution.

d. MedPro represents that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which conflicts in any manner or degree with Client or with the performance of the Services under this Agreement. MedPro further represents that it shall not engage any person having such conflict of interest to perform services.

11. Proprietary Information.

Client recognizes that all material provided to it by MedPro, including employee and candidate lists and this Agreement, is the property of MedPro. Client shall not use such information for any purpose other than to accomplish the purposes of this Agreement. Client shall not disclose or release such material to any third-party without the prior written consent of MedPro. This provision shall survive the termination or expiration of all terms and provisions of this Agreement. For purposes of this Section, information shall not be considered proprietary if such information is required to be disclosed pursuant to law, provided however, that MedPro is provided reasonable advance notice of such disclosure, or such information is generally available to the public other than though a violation of this Section by Client.

12. Term and Termination.

A. This Agreement shall be in effect from the date of its execution and continue for a term of three (3) years (the "Initial Term"). Upon conclusion of the Initial Term and any subsequent terms ("Renewal Term"), Client will have the option to renew for an additional one year term only upon written consent from the Client. The Initial Term and Renewal Term(s) are collectively the "Term". Either party may terminate this Agreement at any time without cause upon sixty (60) days prior written notice or automatically upon the bankruptcy or insolvency of either Party; or a Party's cessation of business. Either Party may terminate this Agreement for cause upon the breach of the other Party that is not cured within thirty days after receiving written notice specifying the breach and the required cure. Notwithstanding the foregoing, MedPro may terminate this Agreement upon five (5) days' notice if the termination is due to non-payment of invoices that have remained unpaid beyond the Payment Terms. Regardless of the reason for termination, the Client shall pay MedPro for all Services rendered and other fees incurred up to and until the effective date of termination. This obligation shall survive the termination or suspension of this Agreement for any reason. Client may request MedPro to remove a

Long-Term Healthcare Professional from the Assignment at any time for any legal reason; and MedPro may remove a Long-Term Healthcare Professional for any reason. Client shall pay MedPro for the services rendered by such Long-Term Healthcare Professional through the date of his/her removal from the Assignment.

B. In the event (i) Medicaid, Medicare, any third-party or any federal, state or local legislative or regulatory authority adopts any law, rule, regulation, policy, procedure or interpretation thereof which establishes a material change in the method or any amount of reimbursement or payment for services under this Agreement, or (ii) any or all of such payers/authorities impose requirements which require a material change in the manner of either party's operations under this Agreement and/or the costs related thereto, then, upon the request of either party materially affected by any such change in circumstances, the Parties shall enter into good faith negotiations for the purpose of establishing such amendments or modifications as may be appropriate in order to accommodate the new requirements and change of circumstances while preserving the original intent of this Agreement to the greatest extent possible. If, after thirty (30) days of such negotiations, the parties are unable to reach an agreement as to how or whether this Agreement shall continue, then either party may terminate this Agreement upon thirty (30) days prior written notice.

13. Miscellaneous.

A. **Independent Contractor Relationship**. MedPro is rendering the Services contemplated under this Agreement to Client as independent contractors and not as employees, agents, partners of, or joint ventures with Client or each other. Long-Term Healthcare Professionals performing services under this Agreement shall not have any authority to bind MedPro, Client, or to modify this Agreement. The Parties agree that except as the "special" employer for Workers' Compensation purposes (if available) in no event will any Long-Term Healthcare Professional be deemed an employee of Client for any reason.

B. **Notices.** Any notice provided pursuant to this Agreement shall be in writing (including email) and shall be deemed given: (a) upon receipt if delivered by hand; (b) the next business day after sent by recognized overnight express delivery service; (c) at the time of confirmation of transmission if sent electronically provided that such notice is confirmed by one of the preceding methods. All notices shall be addressed or set by facsimile or email as follows:

If to Client:

_____

_____

_____

Email: _____

If to MedPro:

MedPro International
1580 Sawgrass Corporate Parkway, Suite 200
Sunrise, Florida 33323
Attn: Cory Prevatt, Contracts Manager
contracts@medprostaffing.com

Either Party may change its address for notification purposes at any time by giving the other Party written notice delivered as set forth herein.

C. **Survival**. The termination or expiration of this Agreement shall not affect a termination of the provisions of this Agreement, which by their nature are intended to survive including, without limitation, Sections 5, 7, 9, 11, 12 and 13.

D. **Assignment**. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld. No such consent will be required for assignment to an entity owned by or under common control with assignor or an entity that acquires all or substantially all of the assets of the assignor. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties hereto.

E. **Choice of Law and Jurisdiction**. This Agreement is governed by and shall be construed in accordance with the laws of the State of California for all purposes, including as to meaning, enforcement, and performance as such laws are applied to agreements entered into and to be performed entirely within the state. Any proceeding arising between the Parties pertaining to this Agreement shall, to the extent permitted by law, be held in the state courts located in Imperial County, California or the United States Federal Court for the Southern District of California. The Parties each waive any defense of no convenient forum to the maintenance of any action or proceeding so brought.

F. **Enforcement Costs**. In the event of any collection proceedings or litigation arising under or relating to the enforcement of this Agreement or any breach thereof, the prevailing party shall be entitled to recover all court costs, expenses (even if not taxable as court costs), collection fees and costs (whether or not litigation is commenced), and reasonable attorneys' fees (including, without limitation, all pre-suit, pre-trial, trial and appellate proceedings), incurred in that action or proceeding, in addition to any other relief to which such party may be entitled.

G. **Open Records Requirements**. In the event compensation payable hereunder shall exceed Ten Thousand ($10,000) per annum, MedPro agrees to make available to the Secretary of Health and Human Services ("HHS"), the Comptroller General of the Government Accounting Office ("GAO"), Client and their authorized representatives, all contracts, book, documents and records that are necessary to certify to the nature and extent of the costs hereunder for a period of four (4) years after the furnishing of services hereunder or six [6] years if the services are of the type reimbursable under Medicare+Choice or any other government healthcare program. Client may conduct an audit to ensure compliance with these requirements upon twenty-four (24) hours' notice. However, the Client reserves the right to conduct unannounced audits at any time.

H. **No Debarment**. MedPro represents and warrants to Client that MedPro and its directors, officers, and employees, if any, (i) are not currently excluded, debarred, or otherwise ineligible to participate in the Federal health care programs as defined in 42 USC § 1320a-7b(f) (the "Federal healthcare programs"); (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal healthcare programs, and (iii) are not under investigation or otherwise aware or any circumstances which may result in MedPro being excluded from participation in the Federal healthcare programs. This shall be an ongoing representation and warranty during the term of this Agreement and MedPro shall immediately notify Client of any change in the status of the representations and warranty set forth in this section. Any breach of this section shall give Client the right to terminate this Agreement immediately for cause.

I. **No Inducement**. No cash, merchandise, equipment or other items of intrinsic value shall be offered by or on behalf of MedPro to facilities and/or their employees, officers, or directors as an inducement to purchase from MedPro.

J. **Regulatory Requirements.** The Parties expressly agree that nothing contained in this Agreement shall require MedPro or MedPro's representatives to refer or admit any patients to or order any goods or services from Client. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly or intentionally conduct himself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 USC Section 1320a-7b). The terms of this agreement incorporate by reference the contract clauses contained in 41 CFR Section 60-1.4 (Executive Order 11246), 41 CFR Section 60-250-.4 (Vietnam Era Veterans Readjustment Assistance Act), and 41 Section 60-741.5 (Rehabilitation Act). MedPro agrees to comply at all times with the regulations issued by the Department of Health and Human Services published at 42 CFR 1001, and which relate to MedPro's obligation to report and disclose discounts, rebates and other price reductions to Company for services obtained under this Agreement. Where a discount or other reduction in price is applicable, the parties also intend to comply with the requirements of 42 U.S.C. §1320a-7b(b)(3)(A) and the "safe harbor" regulations regarding discounts or other reductions in price set forth at 42 C.F.R. §1001.952(h).

K. **HIPAA Requirements.** MedPro agrees to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d ("HIPAA") and any current and future regulations promulgated there under including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards contained in 45 C.F.R. Part 142 (the "Federal Security Regulations"), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162, all collectively referred to herein as "HIPAA Requirements". MedPro agrees not to use or further disclose any Protected Health Information (as defined in 45 C.F.R. Section 164.501) or Individually Identifiable Health Information (as defined in 42 U.S.C. Section 1320d), other than as permitted by HIPAA Requirements and the terms of this Agreement. MedPro will make its internal practices, books, and records relating to the use and disclosure of Protected Health Information available to the Secretary of Health and Human Services to the extent required for determining compliance with the Federal Privacy Regulations. To the extent necessary, MedPro agrees to sign a Business Associate Agreement with the Client.

L. **Immigration and Labor Notices.** Client agrees that, upon request by MedPro, Client will post any required immigration notices (including but not limited to Notice Postings of Application for Permanent Employment Certification) at its facility or facilities in accordance with 20 C.F.R. § 656(d). MedPro authorizes Client's employees to sign such notices on MedPro's behalf.

M. **Entire Agreement, Modifications, Severability and Waivers.** Each **Appendix** to this Agreement is hereby incorporated in and by this reference made a part of this Agreement as if such **Appendix** was set out in full in the text of this Agreement. This Agreement, including all Appendices, constitutes the entire agreement between the Parties with respect to the matters herein and supersedes all prior agreements, arrangements and understandings (whether oral or written) between the Parties. This Agreement shall not be modified, except in writing signed by both Parties expressly stating that it constitutes a modification of this Agreement. Failure of any Party to insist upon strict compliance with any of the terms of this Agreement in one or more instances shall not be deemed a waiver of its rights to require such compliance in the future. If any term or provision of this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, that provision shall be deemed amended to achieve as nearly possible the same economic effect as the original provision, and the liability, validation and answerability of the remaining provisions shall not be affected or impaired thereby.

N. **Headings and Captions**. The headings or captions of the Sections of this Agreement are for reference only, do not define or limit the provision of such Sections and shall not affect the interpretations of such provisions.

O. **Construction**. The Parties acknowledge that this Agreement is the result of continual and ongoing negotiation between the Parties of equal bargaining power and any ambiguities herein should not be construed against either Party but should be given fair and reasonable interpretation.

P. **Excusable Clause.** MedPro shall not be responsible for delays beyond its control.

Q. **Counterparts.** This Agreement: may be executed by the Parties in multiple counterparts, which when taken together constitute one binding agreement. The Parties may utilize different methods including hard and soft copies, facsimiles, and other electronic means such as electronic signature, which shall constitute a legal and valid signature for purposes hereof.

R. **No Transfer.** Client shall not transfer Long-Term Healthcare Professionals to other vendors in the event MedPro is no longer an authorized vendor of the Client. Client shall have the option to liquidate the Long-Term Healthcare Professional's remaining Assignment at a sum equal to the hourly fee times the remaining number of hours.

S. **State Staffing Laws.** The Parties acknowledge that certain states have enacted, and in the future may enact, laws, rules, and regulations governing MedPro, Client, and intermediaries (such as, but not limited to vendor management systems) and/or the Services contemplated by this Agreement (collectively referred to herein as "State Staffing Laws"). Accordingly, the terms of this Agreement, and any amendment or exhibit thereto, are amended to the extent necessary to comply with applicable State Staffing Laws and any terms contrary to such State Staffing Laws are deemed void and unenforceable. Furthermore, if Client has facilities located in more than one state, then the laws of the state in which each facility is located shall determine whether any State Staffing Laws apply to such facility. In the event there is a conflict between the terms of this Agreement and the applicable State Staffing Law, the State Staffing Law shall apply.

IN WITNESS WHEREOF, the undersigned authorized representatives of the Parties intending to be legally bound and have executed this Agreement as of the date set forth beneath their respective signatures below.

Imperial Valley Healthcare District d/b/a/ Pioneers Memorial Hospital ("Client")	**Management Health Systems, LLC d/b/a MedPro International** ("MedPro")
By:	By: Elizabeth Tonkin
Title:	Title: President & CEO
Date:	Date:

Appendix A
Rate Schedule and Provisions

The following bill rates ("Rate Schedule") shall apply to the Services:

Hourly Rate Schedule – California

Class	Base Rate	Orientation Rate	Overtime Holiday Call Back	Double Time	On-Call	Charge/ Preceptor Diff	Evening Diff	Night Diff	Weekend Diff
NURSING									
RN: Non-Specialty *(Med/Surg; Psych; Mother/Baby)*	$76.00	$66.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00
RN: Specialty	$78.00	$68.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00
CNA	$55.00	$45.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00
LABORATORY									
Medical Technologist	$65.00	$55.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00
THERAPY									
Physical Therapist	$78.00	$68.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00

1. **All-Inclusive Rates**. Rates are inclusive of salary, benefits, housing, per diems and travel.
2. **Sales, Gross Receipts, and Other Taxes**. Any applicable sales taxes, including gross receipts tax, are not included in the above rates and will be itemized on the invoice and payable by Client when services provided by MedPro are subject to tax.
3. **Overtime and Double-time Rates**. Overtime and double-time rates will be billed when MedPro pays overtime and Double-time to Long-Term Healthcare Professional based on applicable federal or state law. Overtime and Double-time rates shall be charged as per the Rate Schedule.
4. **Holidays.** Holidays shall include New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas, and any other Client-designated holidays ("Holiday" or "Holidays"). Work hours on any Holiday will be billed as per the Rate Schedule (the "Holiday Rate"). The Holiday Rate is in effect for all 9, 10 and 12-hour shifts from 7:00 p.m. on the eve of the Holiday to 7:00 p.m. on the night of the Holiday. The Holiday Rate is in effect for all 8-hour shifts from 11:00 p.m. on the eve of the Holiday to 11:00 p.m. on the night of the Holiday.
5. **Differentials**. An hourly differential will be billed for all evening, night, weekend, on-call and charge work hours, as per the Rate Schedule. The Client will determine shift designation at the time the Assignment is confirmed. The standard times for applying differentials are as follows: Evening: 3PM – 11PM, Night: 11PM – 7AM, Weekend: Fri 12AM – Sunday 12AM.
6. **Cost of Living Adjustment.** The rates in the Rate Schedule shall be adjusted on an annual basis on the anniversary date of the Agreement to accommodate increases in the cost of living. Rates for new and existing assignments will be updated to reflect the cost-of-living adjustment as of the effective date of the rate adjustment. Rates will be adjusted by no more than 4% in any one year. Any increase of more than 4% shall require the written consent of both Parties. This shall be in addition to the pass through of applicable costs as set forth in Paragraph 7 B. of the Agreement.
7. **Mileage**. Client will reimburse MedPro for all local mileage in accordance with IRS Standards for Long-Term Healthcare Professionals traveling between Client's facilities and/or traveling to visit home health patients.

Agreed:

Imperial Valley Healthcare District d/b/a/ Pioneers Memorial Hospital ("Client")	**Management Health Systems, LLC d/b/a MedPro International** ("MedPro")
By:	By: Elizabeth Tonkin
Title:	Title: President & CEO
Date:	Date:

Appendix B
Prefill Healthcare Professionals Rate Schedule - California

Class	Base Rate	Crisis Rate	Overtime Holiday Call Back	Double Time	On-Call	Charge/ Preceptor Diff	Evening Diff	Night Diff	Weekend Diff
NURSING									
RN: Non-Specialty *(Med/Surg; Psych; Mother/Baby)*	$76.00	$45.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00
RN: Specialty	$78.00	$45.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00
CNA	$55.00	$45.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00
LABORATORY									
Medical Technologist	$65.00	$45.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00
THERAPY									
Physical Therapist	$78.00	$45.00	x 1.5	x 2	$8.00	$3.00	$2.00	$3.00	$2.00

1. **All-Inclusive Rates**. Rates shall be inclusive of salary, benefits, housing, per diems and travel.
2. **Crisis Rate.** As determined by the facility based upon the level of urgency for the need (i.e. the facility needs someone to start tomorrow; EMR conversion; large number of unexpected open needs, etc.) This rate is only used if the facility agrees to it at the time the needs are provided.
3. **Sales, Gross Receipts, and Other Taxes**. Any applicable sales taxes, including gross receipts tax, are not included in approved bill rates and will be itemized on the invoice and payable by Client when services provided by MedPro are subject to tax.
4. **Overtime and Double-time Rates**. Overtime and double-time rates will be billed when MedPro pays overtime and Double-time to Prefill Healthcare Professionals based on applicable federal or state law. Overtime and Double-time rates shall be charged as per the Rate Schedule.
5. **Holidays.** Holidays shall include New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas, and any other Client-designated holidays ("Holiday" or "Holidays"). Work hours on any Holiday will be billed at one and one-half (1½) times the applicable base hourly rate (the "Holiday Rate"). The Holiday Rate is in effect for all 9, 10 and 12-hour shifts from 7:00 p.m. on the eve of the Holiday to 7:00 p.m. on the night of the Holiday. The Holiday Rate is in effect for all 8-hour shifts from 11:00 p.m. on the eve of the Holiday to 11:00 p.m. on the night of the Holiday.
6. **Differentials**. An hourly differential will be billed for all evening, night, weekend, on-call and charge work hours as per the applicable Assignment Confirmation form. The Client will determine shift designation at the time the Assignment is confirmed. The standard times for applying differentials are as follows: Evening: 3PM – 11PM, Night: 11PM – 7AM, Weekend: Fri 12AM – Sunday 12AM.
7. **Mileage**. Client will reimburse MedPro for all local mileage in accordance with IRS Standards for Prefill Healthcare Professionals traveling between Client's facilities and/or traveling to visit home health patients.
8. **Travel Expenses.** The bill rates charged by MedPro are inclusive of both (i) amounts for healthcare services provided by Prefill HealthCare Professionals; and (ii) reimbursements for per diem allowances paid by MedPro to Prefill HealthCare Professionals ("Travel Expenses"). The bill rates are expressed as all-inclusive to permit Client to compare the total cost of MedPro's services to alterative providers. Client acknowledges and agrees that a portion of its payment for the hourly rates is meant to reimburse MedPro for the Travel Expenses. Client may deduct such allocable portion of the payment as travel expenses subject to any applicable federal limitations. MedPro shall include as part of the invoice process the dollar amount of any per diem allowances paid to Prefill Healthcare Professionals as part of Travel Expenses and incorporated into the corresponding bill rates.
9. Section 5 of the Agreement, Damages for Breach of Non-Solicitation, shall not apply to the provisions of Prefill Healthcare Professionals to the extent it conflicts with State Staffing Laws.

Agreed:

Imperial Valley Healthcare District d/b/a/ Pioneers Memorial Hospital ("Client")	**Management Health Systems, LLC d/b/a MedPro International** ("MedPro")
By:	By: Elizabeth Tonkin
Title:	Title: President & CEO
Date:	Date:

Imperial Valley Healthcare District

BOARD MEETING DATE: June 22,2026

SUBJECT: SOLAR POWER & SERVICES AGREEMENT

BACKGROUND: A solar company dedicated to helping clients leverage the benefits of solar energy.

KEY ISSUES: Provide and install and operate a solar photovoltaic system upon the Premises (as hereafter defined) for the purpose of providing Solar Services.

CONTRACT VALUE: Shortfall Payment" means an amount equal to (i) the Shortfall multiplied by the average per kWh utility rate for electricity for the Contract Year, less (ii) the Shortfall multiplied by the kWh Rate for such Contract Year. For the purposes of this calculation, the average per kWh utility rate for electricity shall be determined by dividing the total of all energy charges Host Customer has paid to the Utility for electricity by the number of kWh the Local Electric Utility has delivered to the Host Customer over the course of the Contract Year. The calculation and payment of any Shortfall Payment will be done at the end of each Contract Year. The Shortfall Payment shall not be a negative number and shall not exceed $100,000 for any Contract Year

CONTRACT TERM: . Term. The term of the Agreement shall commence on the Effective Date and shall continue for twenty-five (25) years from the Commercial Operation Date (the "Initial Term"), unless and until terminated earlier pursuant to the provisions of the Agreement; *provided* that, in the event that the Commercial Operation Date is not the first day of a calendar month, then the Initial Term shall terminate twenty-five (25) years following the first day of the first calendar month immediately following the Commercial Operation Date. After the Initial Term, the Agreement shall automatically renew for two additional five (5) year terms (each, a "Renewal Term"), unless a written notice of non-renewal is given by either Party to the other Party at least one hundred and eighty (180) days prior to the expiration of the Initial Term or then applicable Renewal Term.

BUDGETED: No

Comp-01, Compliance Officer 3/2023

BUDGET CLASSIFICATION:

RESPONSIBLE ADMINISTRATOR: Carly Loper, Carly Zamora

DATE SUBMITTED TO LEGAL: _____ **REVIEWED BY LEGAL:** [x] Yes [ ] No

FIRST OR SECOND SUBMITTAL: [x] 1st [ ] 2nd

RECOMMENDED ACTION:

SOLAR POWER & SERVICES AGREEMENT

This Solar Power & Services Agreement ("Agreement") is made and entered into as of this ~~16~~[__]th day of ~~October, 2025~~[Month], 2026 (or, if later, the latest date of a Party's execution and delivery to the other Party of this Agreement, the "Effective Date"), between ~~Solar Holdings 102 LLC~~Solar Holdings 159 LLC, a Delaware limited liability company ("Provider"), and ~~El Centro Regional Medical Center, a California separate public agency enterprise operation of the City of El Centro organized and operated as a municipal hospital under the provisions of California Government Code §37650,~~~~Pioneers Memorial~~Imperial Valley Healthcare District, a local health care district organized and existing under and pursuant to the provisions of the California Health and Safety Code §32000, *et. seq*. ("Host Customer"; and, together with Provider, each, a "Party" and together, the "Parties").

WITNESSETH:

WHEREAS, Host Customer owns certain real property (the "Host Customer Space") located at the addresses described in Schedule 1 attached hereto.

WHEREAS, Host Customer desires that Provider install and operate a solar photovoltaic system upon the Premises (as hereafter defined) for the purpose of providing Solar Services (as hereafter defined) to Host Customer to satisfy a portion of Host Customer's electricity requirements at the Premises, and Provider is willing to do the same;

WHEREAS, Host Customer is willing to provide Provider with access to, and the right to occupy a portion of, its property for the purpose of having Provider design, install, operate and maintain the System; and

WHEREAS, Provider and Host Customer intend that Provider will obtain and retain all Solar Incentives (as hereinafter defined) associated with the installation, ownership, operation and Solar Services of the System.

NOW THEREFORE, in consideration of the mutual promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 Definitions. In addition to other terms specifically defined elsewhere in the Agreement, where capitalized, the following words and phrases shall be defined as follows:

"Actual Monthly Production" means the amount of energy recorded by Provider's metering equipment during each calendar month of the Term, pursuant to Section 3.2.

"Adjusted Energy Production" means an amount, expressed in kWh, equal to the sum of (i) the total amount of electric energy actually delivered by Provider to the electrical tie-in point at the

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point of common coupling during such Contract Year, plus (ii) Deemed Delivered Energy for any Disruption Period, plus (iii) the Excused Production Losses for such Contract Year.

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling, controlled by or under common control with such specified Person. For the purposes of this definition, "control" means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or otherwise. "Control" may be deemed to exist notwithstanding that a Person owns or holds, directly or indirectly, less than fifty percent (50%) of the beneficial equity interest in another Person.

"Agreement" means, this Solar Power & Services Agreement.

"Applicable Law" means, with respect to any Person, any constitutional provision, law, statute, rule, regulation, ordinance, treaty, order, decree, judgment, decision, certificate, holding, injunction, registration, license, franchise, permit, authorization, guideline, Governmental Approval, consent or requirement of any Governmental Authority having jurisdiction over such Person or its property, enforceable at law or in equity, including the interpretation and administration thereof by such Governmental Authority.

"Assignment" has the meaning set forth in Section 12.1.

"Bankruptcy Event" means with respect to a Party, that either: (i) such Party has (A) applied for or consented to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property; (B) admitted in writing its inability, or be generally unable, to pay its debts as such debts become due; (C) made a general assignment for the benefit of its creditors; (D) commenced a voluntary case under any bankruptcy law; (E) filed a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or readjustment of debts; (F) failed to controvert in a timely and appropriate manner, or acquiesced in writing to, any petition filed against such Party in an involuntary case under any bankruptcy law; or (G) taken any corporate or other action for the purpose of effecting any of the foregoing; or (ii) a proceeding or case has been commenced without the application or consent of such Party in any court of competent jurisdiction seeking (A) its liquidation, reorganization, dissolution or winding-up or the composition or readjustment of debts or, (B) the appointment of a trustee, receiver, custodian, liquidator or the like of such Party under any bankruptcy law, and such proceeding or case has continued undefended, or any order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of sixty (60) days.

"Business Day" means any day other than Saturday, Sunday or any other day on which banking institutions in New Jersey are required or authorized by Applicable Law to be closed for business.

"Change in Law" has the meaning set forth in Section 17.15.

"Commercial Operation Date" means the date the System achieves commercial operation for the sale of electricity.

"Confidential Information" has the meaning set forth in Section 14.111.

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"Covenants, Conditions and Restrictions" or "CCRs" means those requirements or limitations related to the Premises or the Host Customer Space as may be set forth in a lease, if applicable, or by any association or other organization, having the authority to impose restrictions.

"Contract Year" means each consecutive twelve (12) month period following the Commercial Operation Date; *provided* that, if the Commercial Operation Date is not the first day of a calendar month, then the first Contract Year shall commence on the Commercial Operation Date and end twelve (12) months following the first day of the first calendar month immediately following the Commercial Operation Date. Use of the term year in this Agreement generally means Contract Year unless express reference is made to calendar year or some other period.

"Disruption Period" has the meaning set forth in Section 3.3.

"Early Termination Date" means any date on which the Agreement terminates other than by reason of expiration of the then applicable Term.

"Early Termination Fee" means the fee payable by Host Customer to Provider upon an early termination of this Agreement, pursuant to the express provisions of this Agreement, in the amount for the applicable Contract Year in which such early termination occurs, as set forth in Schedule 3.

"Effective Date" has the meaning set forth in the preamble.

"Environmental Attributes" shall mean any and all credits, benefits, emissions reductions, offsets, certificates, allowances, green tags and Green-e® products, howsoever entitled, attributable to the System, the production of electrical energy from the System and its displacement of conventional energy generation, including (a) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (b) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (c) the reporting rights to any Governmental Authority related to these avoided emissions, such as Green Tag Reporting Rights and Renewable Energy Credits. Green Tag Reporting Rights are the right of a party to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party, and include Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Environmental Attributes do not include Solar Incentives.

"Environmental Law" means any and all federal, state, local, provincial and foreign, civil and criminal laws, statutes, ordinances, orders, common law, codes, rules, regulations, judgments, decrees, injunctions relating to the protection of health and the environment, worker health and safety, and/or governing the handling, use, generation, treatment, storage, transportation, disposal, manufacture, distribution, formulation, packaging, labeling, emission or release to the

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environment of or exposure to Hazardous Materials, including any such requirements implemented through Governmental Approvals.

"Estimated Annual Production" has the meaning set forth in Section 4.2.

"Estimated Remaining Payments" means as of any date, the estimated remaining Solar Services Payments to be made through the end of the then-applicable Term, as reasonably determined by Provider.

"Excused Production Losses" means, for each Contract Year, an amount, expressed in kWh, equal to the aggregate amount of reduction(s) in delivered electric energy as a result of: (i) Force Majeure Events, (ii) lost production when a fluctuation in the grid frequency or voltage causes the inverters or the System to disconnect from the grid (which is defined to be the system receiving power exported from the System), (iii) lost production when a failure in the grid or utility-owned and maintained interconnection infrastructure (including substation equipment such as transformers, switches, and protective relays), or other grid or utility ordered curtailment issued for any reason other than an issue with the System, is prevented energy from being exported from the System; (iv) Disruption Periods as contemplated by Section 3.3, (v) actions or inactions by Host Customer not expressly permitted under this Agreement and not accounted for by Deemed Delivered Energy, (vi) new shading sources affecting the System, including, but not limited to, new construction and or foliage growth, or (vii) new or unmodeled soiling sources affecting the System, including, but not limited to, industrial pollutants, wild fires, and snow.

"Expiration Date" means the date on which the Agreement terminates by reason of expiration of the Term.

"Financing Party" means, as applicable (i) any Person (or its agent) from whom Provider (or an Affiliate of Provider) leases the System, (ii) any Person (or its agent) who has made or will make a loan to or otherwise provides financing to Provider (or an Affiliate of Provider) with respect to the System, or (iii) any Person acquiring a direct or indirect interest in Provider or in Provider's interest in the Agreement or the System as a tax credit or equity investor.

"Force Majeure Event" has the meaning set forth in Section 9.1.

"Governmental Approval" means any approval, consent, franchise, permit, certificate, resolution, concession, license, or authorization issued by or on behalf of any applicable Governmental Authority, including any such approval, consent, order or binding agreements with or involving a Governmental Authority under Environmental Laws.

"Governmental Authority" means any federal, state, regional, county, town, city, or municipal government, whether domestic or foreign, or any department, agency, bureau, court, governmental tribunal, arbitration panel or other administrative, legislative, regulatory, taxing or judicial body of any such government.

"Hazardous Materials" means (a) any radioactive materials, toxic mold, asbestos in any form, urea formaldehyde foam insulation, radon, and polychlorinated biphenyls; (b) any chemicals, materials or substances which are now defined as or included in the legal definition of "Hazardous Materials," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted

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hazardous wastes," "toxic substances," "toxic pollutants," "contaminants," "pollutants," "dangerous wastes" or words of similar meaning and regulatory effect under any Environmental Law; or (c) any other chemical, material, substance or waste, which by its nature, presence, characteristics or concentration is harmful, hazardous or injurious to human health or safety, the environment or natural resources or exposure to which is now prohibited, limited or regulated under any Environmental Law.

"Host" means Host Customer.

"Host Customer" has the meaning set forth in the preamble.

"Host Customer Default" has the meaning set forth in Section 10.2(a).

"Host Customer Parties" has the meaning set forth in Section 11.1.

"Host Customer Space" has the meaning set forth in the preamble.

"Indemnified Parties" has the meaning set forth in Section 15.1.

"Indemnifying Party" has the meaning set forth in Section 15.1.

"Initial Term" has the meaning set forth in Section 2.1.

"Insolation" has the meaning set forth in Section 6.2(f).

"Installation Work" means the construction and installation of the System and the start-up, testing and acceptance (but not the operation and maintenance) thereof, all performed by or for Provider at the Premises.

"Invoice Date" has the meaning set forth in Section 5.2.

"kWh Rate" means the price per kWh set forth in Schedule 2.

"Local Electric Utility" means the local electric distribution owner and operator providing electric distribution and interconnection services to Host Customer at the Host Customer Space.

"Losses" means all third-party losses, liabilities, claims, demands, suits, causes of action, judgments, awards, damages, cleanup and remedial obligations, interest, fines, fees, penalties, costs and expenses (including all attorneys' fees and other costs and expenses incurred in defending any such claims or other matters or in asserting or enforcing any indemnity obligation).

"Meter" has the meaning set forth in Section 3.2.

"Net Metering Arrangements" means the arrangements with the Local Electric Utility for Host Customer to sell to the Local Electric Utility the Solar Services in excess of Host Customer's electric load at the Host Customer Space at any given time, including any electrical interconnection arrangements and including any relocation or replacement of the Meter to the extent required for Host Customer to sell to the Local Electric Utility Solar Services in excess of Host Customer's electric load at the Host Customer Space.

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"Party" or "Parties" has the meaning set forth in the preamble.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, firm, or other entity, or a Governmental Authority.

"Premises" means the premises described in Schedule 1. For the avoidance of doubt, the Premises includes the entirety of any structures and underlying real property located at the address described in Schedule 1.

"Premises Lease" has the meaning set forth in Section 6.2(d)(i).

"Provider" has the meaning set forth in the preamble.

"Provider Default" has the meaning set forth in Section 10.1(a).

"Renewal Term" has the meaning set forth in Section 2.1.

"Representatives" has the meaning set forth in Section 14.1.

"Security Interest" has the meaning set forth in Section 7.2(a).

"Shortfall Payment" means an amount equal to (i) the Shortfall multiplied by the average per kWh utility rate for electricity for the Contract Year, less (ii) the Shortfall multiplied by the kWh Rate for such Contract Year. For the purposes of this calculation, the average per kWh utility rate for electricity shall be determined by dividing the total of all energy charges Host Customer has paid to the Utility for electricity by the number of kWh the Local Electric Utility has delivered to the Host Customer over the course of the Contract Year. The calculation and payment of any Shortfall Payment will be done at the end of each Contract Year. The Shortfall Payment shall not be a negative number and shall not exceed $100,000 for any Contract Year.

"Solar Incentives" means any accelerated depreciation, installation or production-based incentives, investment tax credits, grants and subsidies including, but not limited to, the subsidies in Schedule 1 and all other federal, state or local solar or renewable energy subsidies and incentives.

"Solar Services" means the supply of electrical energy output from the System and any associated reductions in Host Customer's peak demand from its Local Electric Utility.

"Solar Services Payment" has the meaning set forth in Section 5.1.

"Stated Rate" means a rate per annum equal to the lesser of (a) the "prime rate" (as reported in The Wall Street Journal) plus two percent (2%) or (b) the maximum rate allowed by Applicable Law.

"System" means the integrated assembly of photovoltaic panels, mounting assemblies, inverters, converters, metering, lighting fixtures, transformers, ballasts, disconnects, combiners, switches, storage, wiring devices and wiring, and all other materials and equipment necessary to produce and store the Solar Services pursuant to this Agreement, more specifically described in Schedule 1.

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"System Operations" means Provider's operation, maintenance and repair of the System performed in accordance with the requirements herein.

"Term" has the meaning set forth in Section 2.1.

"Termination Date" means the date on which the Agreement ceases to be effective, including on an Early Termination Date or the Expiration Date.

1.2 Interpretation. The captions or headings in this Agreement are strictly for convenience and shall not be considered in interpreting the Agreement. Words in the Agreement that impart the singular connotation shall be interpreted as plural, and words that impart the plural connotation shall be interpreted as singular, as the identity of the parties or objects referred to may require. The words "include", "includes", and "including" mean include, includes, and including "without limitation" and "without limitation by specification." The words "hereof", "herein", and "hereunder" and words of similar import refer to the Agreement as a whole and not to any particular provision of the Agreement. Except as the context otherwise indicates, all references to "Articles" and "Sections" refer to Articles and Sections of this Agreement.

ARTICLE 2 – TERM AND TERMINATION

2.1 Term. The term of the Agreement shall commence on the Effective Date and shall continue for twenty-five (25) years from the Commercial Operation Date (the "Initial Term"), unless and until terminated earlier pursuant to the provisions of the Agreement; *provided* that, in the event that the Commercial Operation Date is not the first day of a calendar month, then the Initial Term shall terminate twenty-five (25) years following the first day of the first calendar month immediately following the Commercial Operation Date. After the Initial Term, the Agreement shall automatically renew for two additional five (5) year terms (each, a "Renewal Term"), unless a written notice of non-renewal is given by either Party to the other Party at least one hundred and eighty (180) days prior to the expiration of the Initial Term or then applicable Renewal Term. The Initial Term and the subsequent Renewal Term, if any, are referred to collectively as the "Term." During any Renewal Term, ~~Provider~~either Party may terminate the Agreement upon one hundred and eighty (180) days' prior written notice to ~~Host Customer~~the other Party and except as expressly set forth herein, this Agreement shall be of no further force or effect and all rights, duties and obligations of Provider and Host Customer under this Agreement shall terminate, except for those that expressly survive termination of the Agreement.

Commented [H1]: The original provision granted only Provider a right to terminate during a Renewal Term. Both Parties should have equal termination rights during Renewal Terms.

2.2 Conditions of the Agreement Prior to Commercial Operation Date.

(a) In the event that any of the following events or circumstances occur prior to the Commercial Operation Date, Provider may (at its sole discretion) provide notice that it is terminating the Agreement, in which case neither Party shall have any liability to the other except for any such liabilities that may have accrued prior to such termination:

(i) Provider determines that the Premises, as is, is insufficient to accommodate the System or unsuitable for construction or operation of the System.

(ii) There exist site conditions (including environmental conditions) or construction requirements that were not known as of the Effective Date and that could reasonably

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be expected to materially increase the cost of Installation Work or would adversely affect the electricity production from the System as designed.

(iii) There is a material adverse change in the regulatory environment, incentive program or federal or state tax code (including the expiration of any incentive program or tax incentives in effect as of the Effective Date, including without limitation those set forth on Schedule 1) that could reasonably be expected to adversely affect the economics of the installation for Provider and its investors.

(iv) Provider is unable to obtain financing for the System on terms and conditions satisfactory to it.

(v) Provider has not received: (1) a release or acknowledgement from any mortgagee of the Premises, if required by Provider's Financing Party, to establish the priority of its security interest in the System, and (2) such other documentation as may be reasonably requested by Provider to evidence Host Customer's ability to meet its obligations under Section 6.2(d)(ii) to ensure that Provider will have access to the Premises throughout the Term.

(vi) There has been a material adverse change in the rights of Host Customer to occupy the Premises or Provider to construct the System on the Premises.

(vii) Host Customer has not received evidence reasonably satisfactory to it that interconnection services will be available with respect to energy generated by the System.

(viii) Provider has determined that any easements, CCRs or other land use restrictions, liens or encumbrances provided by Host Customer would materially impair or prevent the installation, operation, maintenance or removal of the System.

(ix) There has been a material adverse change in Host Customer's credit-worthiness.

(b) If any of the conditions set forth in Section 2.2(a) are partly or wholly unsatisfied, and Provider wishes to amend this Agreement, then Provider may propose modifications to this Agreement for acceptance by Host Customer. If Host Customer does not agree to such modifications, Provider may terminate this Agreement as provided in Section 2.2(a) and except as expressly set forth herein, this Agreement shall be of no further force or effect and all rights, duties and obligations of Provider and Host Customer under this Agreement shall terminate, except for those that expressly survive termination of the Agreement. If Host Customer accepts such modifications, the Parties shall execute such written amendment documents as are necessary to effectuate such modifications, and the Agreement (as modified by such amendment documents) shall remain in force and effect upon execution of such documents by both Parties. Notwithstanding anything to the contrary herein, if any of the conditions set forth in Section 2.2(a) are not met due to the action or inaction of Host Customer, and Provider elects to terminate this Agreement under this Section 2.2(b), Host Customer shall pay all direct costs incurred by Provider through the date of such termination.

(c) The following items are specifically excluded from Installation Work:

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(i) Any upgrades to the Host Customer's pre-existing electrical system

(ii) Any upgrades or structural enhancements to any pre-existing structures at the Premises

(iii) Any upgrades to the Local Electric Utility

(iv) Any costs for water runoff or reallocation of storm water, including any water management

(v) Any costs for landscaping, irrigation or pavement

(vi) Any costs for tree removal

(vii) Mark-out of any underground sprinkler system or Host Customer owned utilities at the Premises

(d) If any of these excluded items are required, Host Customer shall be responsible for all of the costs related to such items.

ARTICLE 3 – SYSTEM OPERATIONS

3.1 Provider as Owner and Operator. The System will be owned by Provider or Provider's Financing Party and will be operated and maintained and, as necessary, repaired by Provider at its sole cost and expense; provided, that any repair or maintenance costs incurred by Provider as a result of Host Customer's negligence, willful misconduct, or breach of its obligations hereunder shall be reimbursed by Host Customer.

3.2 Metering. Provider shall install and maintain a utility grade kilowatt-hour (kWh) meter (the "Meter") for the measurement of electrical energy provided by the System and may, at its election, install a utility grade kilowatt-hour (kWh) meter for the measurement of electrical energy delivered by the Local Electric Utility and consumed by Host Customer at the Premises. Provider shall calibrate the Meter in accordance with manufacturer's recommendations and may periodically test such Meter for accuracy. If, upon testing, the Meter is found to be accurate or in error by not more than plus or minus two percent (+/-2%), then previous recordings of such Meter shall be considered accurate in computing deliveries of Solar Services hereunder, but such Meter shall be promptly adjusted to record correctly. If, upon testing, the Meter shall be found to be inaccurate by an amount exceeding plus or minus two percent (+/-2%), then the Meter shall be promptly repaired or adjusted to record properly and any previous readings from such Meter used to compute invoices for Solar Services shall be corrected to zero (0) error, and the payments for Solar Services made since the previous test of such Meter shall be adjusted to reflect the corrected readings as follows: If the difference in the previously invoiced amounts minus the adjusted payment is a positive number (Meter has over-registered Solar Services), that difference shall offset amounts owing by Host Customer to Provider in subsequent month(s). If the difference is a negative number (Meter has under-registered Solar Services), the difference shall be added to the next month's invoice and paid by Host Customer to Provider on the date such invoice is payable pursuant to Section 5.3. If no reliable information exists as to the period over which the Meter registered inaccurately, it shall be assumed for purposes of correcting previous invoices that such

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inaccuracy began at a point in time midway between the testing date and the next previous date on which the Meter was tested and found to be accurate.

3.3 System Disruptions. Host Customer shall be solely responsible for the operation, maintenance and repair of the Premises, including any repair, maintenance or replacement of any roof on which the System may be located. In the event that (x) Host Customer repairs the Premises for any reason not directly related to damage caused by the System, and such repair requires the partial or complete temporary disassembly or movement of the System, or (y) any other act or omission of Host Customer or its respective employees, Affiliates, agents or subcontractors (including, without limitation, a failure of the Premises electrical system not arising from or in connection with System Operations) (collectively, a "Host Customer Act") results in a disruption or outage in System production or reduction in Insolation thereto, then, in either case, Host Customer shall (i) pay Provider for all work required by Provider to disassemble or move the System, (ii) continue to make all payments for the Solar Services during such period of System disruption (the "Disruption Period"), and (iii) reimburse Provider for any other lost revenue during the Disruption Period, which lost revenue shall include any lost revenue associated with any reduced sales of Environmental Attributes and any reduced Solar Incentives during the Disruption Period. For the purpose of calculating Solar Services Payments and lost revenue for such Disruption Period, Solar Services for each month of said months shall be deemed to have been produced at the average rate over the same month for which data exists (or, if the disruption occurs within the first twelve (12) months of operation, the Estimated Annual Production applicable to such period, pro-rated over the affected period) ("**Deemed Delivered Energy**").

3.4 Interruption of Output.

(a) Host Customer acknowledges and understands that the System, as a solar photovoltaic system, will produce Solar Services intermittently, and will not provide Host Customer with an uninterrupted supply of electricity. This Agreement provides no warranty or guarantee to Host Customer of an uninterrupted supply of Solar Services. Provider shall not be liable to Host Customer for any intermittent interruption in Solar Services during the Term, nor shall Provider be responsible for Host Customer's cost of alternative supplies of electricity during any such interruption. If delivery of Solar Services from the System is interrupted other than as a result of the default, negligent acts or omissions of Host Customer or as otherwise provided in Section 3.4(b), Provider shall make commercially reasonable efforts to restore Solar Services in a timely manner.

(b) Notwithstanding anything to the contrary herein (and without limiting Provider's remedies under Section 10.2(b)), Provider shall be entitled, in its sole discretion, to interrupt, reduce or discontinue the delivery of electricity from the System (i) in the event of an emergency, including the presence of Hazardous Materials, (ii) for the purpose of maintaining and repairing the System, (iii) at the direction or request of the Local Electric Utility or any authorized Governmental Authority, (iv) for purposes of inspection, maintenance, repair, replacement, or alteration of the System; (v) Provider reasonably believes the Premises or electrical system at the Premises is unsafe, but in no event shall Provider have any responsibility to inspect or approve the such electrical system, and, in each case of (i) through (iv) above, (a) such interruption or suspension of Solar Services shall not constitute a breach of this Agreement, (b) Provider shall have no liability for Host Customer to obtain electricity from other sources for the duration of such

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suspension, (c) Provider shall use commercially reasonable efforts to minimize any interruption in service to Host Customer, and (d) Host Customer will not be required to pay for any interruption damages under this Section 3.4 during such suspension.

3.5 Cost to Restore Service Following Interruption. Provider shall bear any costs associated with restoring service following any interruption of the supply of Solar Services from the System as a result of Provider's operation of the System. Host Customer shall bear the costs associated with the restoration of the delivery of Solar Services if an interruption is caused by the actions or inactions of Host Customer or the condition of the Premises, Host Customer Space or electrical system for the Premises or Host Customer Space.

ARTICLE 4 – DELIVERY OF SOLAR SERVICES

4.1 Purchase Requirement. Host Customer agrees to purchase one hundred percent (100%) of the Solar Services generated by the System and made available by Provider to Host Customer during each relevant month of the Term. For clarity, the Parties acknowledge and agree that Host Customer's purchase under the Agreement does not include any right or title to seek any capacity payments that may be attributable to the System, and that all such rights are reserved and retained by Provider, subject to Applicable Law.

4.2 Estimated Annual Production. The annual estimate of Solar Services with respect to the System for any given year as determined pursuant to this Section shall be the "Estimated Annual Production." The Estimated Annual Production for each year of the Initial Term is set forth in Schedule 4 hereto.

4.3 Environmental Attributes and Solar Incentives. Host Customer's purchase of Solar Services does not include Environmental Attributes or Solar Incentives, each of which shall be owned by Provider or Provider's Financing Party for the duration of the System's operating life. Host Customer disclaims any right to Solar Incentives or Environmental Attributes based upon the installation of the System at the Premises, and shall, at the request of Provider, execute any document or agreement reasonably necessary to fulfill the intent of this Section. To avoid any conflicts with fair trade rules regarding claims of solar or renewable energy use and to help ensure that Environmental Attributes will be certified by Green-e® or a similar organization, Host Customer shall submit to Provider for approval any press releases regarding Host Customer's use of solar or renewable energy from the System and shall not submit for publication any such releases without the prior written approval of Provider. Without limiting Provider's other rights hereunder, in the event that Host Customer breaches its obligations under this Section and, as a result thereof, the value of the Environmental Attributes generated by the System is reduced, Host Customer shall pay to Provider the value of such reduction. At Provider's request, Host Customer shall complete any and all documentation required to substantiate the existence, nature, and/or quantity of Environmental Attributes produced by the System, or required to validate Provider's rights to and ownership of the Environmental Attributes or Solar Incentives.

4.4 Title to System. Subject to Host Customer's option to purchase the System as provided in Section 4.7 below, throughout the duration of the Agreement, Provider or Provider's Financing Party shall be the legal and beneficial owner of the System at all times, including all Environmental Attributes, Provider shall be entitled to the benefit of all Solar Incentives of the

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System and the System shall remain the personal property of Provider or Provider's Financing Party and shall not attach to or be deemed a part of, or fixture to, the Premises. The System shall at all times retain the legal status of personal property as described in Article 9 of the Uniform Commercial Code. Host Customer covenants that it will use commercially reasonable efforts, to place all parties having an interest in or lien upon the real property comprising the Premises on notice of the ownership of the System and the legal status or classification of the System as personal property. If there is any mortgage or fixture filing against the Premises which could reasonably be construed as attaching to the System as a fixture of the Premises, Host Customer shall provide a disclaimer, release or subordination and non-disturbance agreement from such lien holder. Host Customer consents to the filing by Provider, on behalf of Host Customer, of a disclaimer of the System as a fixture of the Premises in the office where real estate records are customarily filed in the jurisdiction of the Premises (via recording a memorandum, filing a UCC-1, or other reasonable method determined by Provider). If any person attempts to claim ownership of or other rights to the System by asserting any claim against or through Host Customer, and such claim is not attributable to any act or omission of Provider, Host Customer shall protect and defend Provider's title to the System, at Host Customer's expense. Without limiting the generality of the foregoing, Host Customer hereby waives any statutory or common law lien that it might otherwise have in or to the System or any part thereof and agrees that, notwithstanding the occurrence of a Provider Default under this Agreement beyond all applicable notice and cure periods (including those granted to Financing Parties), Provider or any Financing Party (or its designee) shall own and may remove the System from the Premises at any time.

4.5 Security. Host Customer shall be responsible for using commercially reasonable efforts to maintain the physical security of the Premises and the System against known risks and risks that should have been known by Host Customer. Host Customer shall not conduct activities on, in or about the Premises or other real property that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System.

4.6 Production Guarantee. During the Initial Term of this Agreement (the "Guarantee Term"), Provider guarantees that the Adjusted Energy Production shall be no less than eighty-five percent (85%) of the corresponding Estimated Annual Production for any Contract Year of the Initial Term, as set forth in Schedule 4 of the Agreement (the "Guaranteed Production"). If the Adjusted Energy Production is less than the Guaranteed Production for any Contract Year (any such shortfall, measured in kWh, a "Shortfall"), then Provider may cure such Shortfall by paying Host Customer the amount of the Shortfall Payment. The Shortfall Payment shall be Host Customer's sole and exclusive remedy for Provider's failure to deliver the Guaranteed Production. The Parties agree that actual damages to Host Customer as the result of Provider's failure to deliver the Guaranteed Production would be difficult to ascertain, and the Shortfall Payment is a reasonable approximation of the damages suffered by Host Customer as a result of Shortfall during the Guarantee Term.

4.7 Option to Purchase; Determination of Fair Market Value.

(a) Option to Purchase. At the beginning of the seventh (7^{th}) Contract Year, and each subsequent Contract Year through the end of the Term (including at the end of the Term), (each such date a "Purchase Option Date"), so long as Host Customer is not then in default under this Agreement, Host Customer may purchase the System from Provider for a purchase price equal

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to the Fair Market Value (as defined in Section 4.7(b)) of the System as of the Purchase Option Date. Host Customer must provide a notification to Provider of its intent to purchase at least ninety (90) days and not more than one hundred eighty (180) days prior to the Purchase Option Date, and the purchase shall be completed on or before the Purchase Option Date

(b) Fair Market Value. "Fair Market Value" means the ~~greatest of: (i) the~~ amount that would be paid in an arm's length, free market transaction, for cash, between an informed, willing ~~Provider~~seller and an informed willing buyer, neither of whom is under compulsion to complete the transaction, taking into account, among other things, the age, condition and performance of the System and advances in solar technology, provided that installed equipment shall be valued on an installed basis, shall not be valued as scrap if it is functioning and in good condition and costs of removal from a current location shall not be a deduction from the valuation, taking into account the present value of all associated future income streams expected to arise from the operation of the System for the remaining useful life of the System, including but not limited to the expected price of electricity, Environmental Attributes, and Solar Incentives and factoring in future avoided costs and expenses associated with the System ~~and assuming the System is able to generate revenue for the then remaining term of the Agreement at a price equal to the then applicable kWh Rate and thereafter for the remaining useful life of the System at a price equal to the then fair market price for energy and (ii) the Early Termination Payment~~. The Parties shall select a mutually acceptable nationally recognized independent appraiser with experience and expertise in the solar photovoltaic industry to determine the Fair Market Value of the System. Such appraiser shall act reasonably and in good faith to determine the Fair Market Value of the System based on the formulation set forth herein, and shall set forth such determination in a written opinion delivered to the Parties. The valuation made by the appraiser shall be binding upon the Parties in the absence of fraud or manifest error. The costs of the appraisal shall be borne by the Parties equally. Upon purchase of the System, Host Customer shall assume complete responsibility for the operation and maintenance of the System and liability for the performance of the System, and Provider shall have no further liabilities or obligations hereunder. ~~Such appraiser shall act reasonably and in good faith to determine the Fair Market Value of the System based on the formulation set forth herein with instructions to consider the factors taken into account by the Parties in setting the Early Termination Payment.~~ Host Customer shall have ten (10) days to review the appraisal and may reconsider and withdraw its election to purchase the System during such ten (10) day period. Subject to Provider's requirements regarding confidentiality, non-disclosure and non-use, and at Host Customer's sole cost and expense, Provider shall provide Host Customer with reasonable access to such documentation and books and records related to the operation and maintenance of the System and shall afford Host Customer or its designees the opportunity to inspect the System and such documentation, books and records for purposes of determining the condition, state of repair, efficiency and reasonably expected costs of maintenance or repair of the System reasonably necessary to maintain or restore the System to a condition recognized as being in accordance with prudent solar industry standards. Subject to Provider's requirements regarding confidentiality, non-disclosure and non-use, Host Customer shall have the right to provide such documentation and materials and the results of any reports by third parties related to such inspections to such appraisers as reasonably necessary for such appraisers to consider in connection with their appraisals. Upon purchase of the System, Host Customer will assume complete responsibility for the operation and maintenance of the System and liability for the performance of the System, and Provider shall have no further liabilities or obligations hereunder.

Commented [H2]: FMV should reflect genuine fair market value. Setting FMV as the 'greatest of' appraised value and the Early Termination Fee artificially inflates the purchase price and undermines IVHD's purchase option.

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ARTICLE 5 – PRICE AND PAYMENT

5.1 ~~-~~Consideration. Host Customer shall pay to Provider a monthly payment (the "Solar Services Payment") for the Solar Services generated by the System during each calendar month of the Term equal to the product of (x) Actual Monthly Production for the System for the relevant month multiplied by (y) the kWh Rate. Host Customer acknowledges that the kWh Rate may increase if Provider is required to use union labor or pay prevailing wages.

5.2 Invoice. Provider shall invoice Host Customer on or about the first day of each month (each, an "Invoice Date"), commencing on the first Invoice Date to occur after the Commercial Operation Date, for the Solar Services Payment in respect of the immediately preceding month. The last invoice shall include production only through the Termination Date of this Agreement. All invoices shall be sent to: ~~David Momberg, Chief Financial Officer, El Centro Regional Medical Center, 1415 Ross Avenue, El Centro, CA 92243 (760) 339-7124, david.momberg@ecrmc.org~~[Name], [Title], ~~Pioneers Memorial~~Imperial Valley Healthcare District, 207 W. Legion Rd., Brawley, CA 92227, [phone], [email].

5.3 Time of Payment. Host Customer shall pay all undisputed amounts due hereunder within ~~fifteen (15~~thirty (30) days after the date of the applicable Invoice Date. If any part of a monthly payment is not made by Host Customer within ~~twenty~~forty-five (45) days after the applicable Invoice Date, Host Customer shall pay Provider a late fee that shall accrue on the basis of one percent (1%) per month (or such lower percentage as and if required by Applicable Law) on the amount of such late payment. The payment obligations of this Section shall expressly survive the expiration or earlier termination of the Agreement.

Commented [H3]: As a public healthcare district, Host Customer requires additional time for internal payment processing. Fifteen days is insufficient for a governmental entity.

5.4 Method of Payment. Host Customer shall make all payments under the Agreement by electronic funds transfer in immediately available funds to the account designated by Provider from time to time. All payments that are not paid when due shall bear interest accruing from the date becoming past due until paid in full at a rate equal to the Stated Rate. All payments made hereunder shall be non-refundable, be made free and clear of any tax, levy, assessment, duties or other charges~~ and not subject to reduction, withholding, set-off, or adjustment of any kind.~~ ; provided, however, that Host Customer shall retain any rights of setoff or recoupment available to it under Applicable Law or this Agreement, including with respect to any Shortfall Payment or other amounts owed by Provider to Host Customer.

Commented [H4]: The blanket waiver of setoff rights is overly broad and may conflict with public entity obligations under California law.

5.5 Disputed Payments. If a *bona fide* dispute arises with respect to any invoice, Host Customer shall not be deemed in default under the Agreement and the Parties shall not suspend the performance of their respective obligations hereunder, including payment of undisputed amounts owed hereunder. If an amount disputed by Host Customer is subsequently deemed to have been due pursuant to the applicable invoice, interest shall accrue at the Stated Rate on such amount from the date becoming past due under such invoice until the date paid.

5.6 Host Customer Net Metering Obligation. The Parties recognize and acknowledge that, from time to time, (a) the Solar Services may exceed Host Customer's demand for electricity or (b) Host Customer will otherwise be unable to consume Solar Services delivered hereunder. Host Customer shall nonetheless accept and take title to the Solar Services and shall have in place and maintain Net Metering Arrangements as required by the Local Electric Utility to deliver to the

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Local Electric Utility any Solar Services that exceeds Host Customer's demand for, or ability to consume, electricity; *provided* that if, through no cause attributable to the Local Electric Utility or Provider, Host Customer fails to enter into, fails to maintain or otherwise fails to comply with the required Net Metering Arrangements, and as a result of such failure, Provider cannot deliver Solar Services to Host Customer, then such failure shall constitute a disruption due to a Host Customer Act and a Host Customer Default, and Host Customer shall be liable to Provider for such disruption in accordance with the provisions of Section 3.3.

5.7 Risk of Loss. As between the Parties and as to the installation of the System, Provider shall maintain the risk of loss (and shall be responsible for any property damage or injuries caused) of electricity from the System to the electrical tie-in point at the point of common coupling. The Host Customer shall maintain the risk of loss (and shall be responsible for any property damage or injuries caused) of electricity from the demand side of common coupling.

ARTICLE 6 – GENERAL COVENANTS

6.1 Provider's Covenants. Provider covenants and agrees to the following:

(a) Notice of Damage or Emergency. Provider shall (x) promptly notify Host Customer if it becomes aware of any damage to or loss of the use of the System or that could reasonably be expected to adversely affect the System, and (y) immediately notify Host Customer if it becomes aware of any event or circumstance relating to the System or the Premises that poses a significant risk to human health, the environment, the System, the Host Customer Space, the Meter or the Premises.

(b) System Condition. Provider shall take all actions, including to maintain, repair and replace, as reasonably necessary to ensure that the System is capable of providing Solar Services at a commercially reasonable continuous rate.

(c) Governmental Approvals. Provider shall obtain and maintain and secure all Governmental Approvals required to be obtained and maintained and secured by Provider and to enable Provider to perform its obligations hereunder.

6.2 Host Customer's Covenants. Host Customer covenants and agrees as follows:

(a) Notice of Damage or Emergency. Host Customer shall (x) promptly notify Provider if it becomes aware of any damage to or loss of the use of the System or that could reasonably be expected to adversely affect the System, and (y) immediately notify Provider it becomes aware of any event or circumstance that poses a significant risk to human health, the environment, the System, the Host Customer Space, the Meter or the Premises.

(b) Liens. Host Customer shall not directly or indirectly cause, create, incur, assume or suffer to exist any liens on or with respect to the System or any interest therein. If Host Customer breaches its obligations under this Section, it shall immediately notify Provider in writing, shall promptly cause such lien to be discharged and released of record without cost to Provider, and shall defend, indemnify and hold harmless Provider against all costs and expenses (including reasonable attorneys' fees and court costs at trial and on appeal) incurred in discharging and releasing such lien.

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(c) Consents and Approvals. Host Customer shall comply with Applicable Law in connection with providing Provider with access to the Host Customer Space (to the extent necessary for Provider to perform its obligations hereunder) and in performing any of its obligations under this Agreement. Host Customer shall ensure that any authorizations required in order to enter into this Agreement and make the Premises available to Provider for the purposes of this Agreement, are obtained or provided in a timely manner, including the Premises Lease (as defined below). To the extent that only Host Customer is authorized to request, obtain or issue any necessary approvals, Governmental Approvals, rebates or other financial incentives, Host Customer shall cooperate with Provider to obtain or issue such approvals, Governmental Approvals, rebates or other financial incentives in the name of Provider. Host Customer shall provide to Provider copies of all Governmental Approvals and CCRs applicable to the Premises and Host Customer Space, other than those obtained by Provider or to which Provider is a party. Host Customer shall promptly examine all documents submitted by Provider and, where applicable, render approvals and/or comments. If Host Customer fails to notify Provider of Host Customer's approval or disapproval of any documents submitted by Provider, including any drawings, within five (5) Business Days after Host Customer's receipt thereof, such documents shall be deemed approved by Host Customer.

(d) Access to Premises, Grant of License.

(i) Simultaneously with the execution and delivery of this Agreement, Provider shall execute a lease granting Provider a leasehold interest in the applicable portion of the Premises necessary for the installation, interconnection, operation, maintenance and removal of the System and provision of the Solar Services pursuant to the terms of this Agreement (including any appurtenant easements and/or access rights required for Provider and its employees, contractors and subcontractor to access the Premises and to interconnect or disconnect the System with the Premises' electrical wiring) (the "Premises Lease").

(ii) Host Customer acknowledges that, as a condition precedent to Provider's obligation to perform hereunder (x) Provider and its officers, members, shareholders, employees, agents, contractors, licensees and invitees shall have access to the Premises and System during the Term of this Agreement and for so long as needed after termination to remove the System pursuant to the applicable provisions herein, and (y) Host Customer shall provide such internet access at the Premises as Provider shall reasonably require for the continuous remote monitoring of the System's operation and performance.

(iii) Prior to commencement of the Installation Work, Provider will present Host Customer with a construction plan, which Host Customer shall review and approve or amend within five (5) business days (the "Construction Plan"). In accordance with the Construction Plan, Host Customer shall allow reasonable use of Host Customer's utilities (electric and water) while on the Premises, provide adequate parking for Provider and its contractors on or near the Premises, and provide adequate laydown and storage space on or near the Premises.

(iv) Failure by Host Customer to allow Provider sufficient access to the Premises or System to perform the Installation Work shall entitle the Provider to recover additional costs incurred by Provider due to such failure.

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(v) Failure by Host Customer to provide authorization to commence, perform or complete the Installation Work or any portion thereof, where such failure prevents or will prevent the Provider from performing the Installation Work, shall entitle the Provider to recover additional costs incurred by Provider, including costs due exclusively or in part to schedule delays.

(e) Net Metering. At all times during the Term, Host Customer shall maintain the Net Metering Arrangements and any other related agreements. Meter shall remain in Host Customer's name. Provider shall be named as an agent of Host Customer or otherwise designated so that Provider may receive copies of Host Customer's electric bill with respect to the Premises from the Host Utility for monitoring purposes.

(f) Sunlight Easements. Host Customer understands that unobstructed access to sunlight ("Insolation") is essential to Provider's performance of its obligations and a material term of this Agreement. Host Customer shall not in any way cause and, where possible, shall not in any way permit any interference with the System's Insolation and shall not construct or install, or knowingly permit to be constructed or installed, any alterations, modifications or improvement to the Premises or any other property owned or controlled by Host Customer or an Affiliate of Host Customer that interferes with, blocks or reduces the System's Insolation. In addition to the foregoing, Host Customer shall not permit foliage or the growth of foliage that interferes with, blocks, or reduces the System's Insolation. If Host Customer becomes aware of any activity or condition that could diminish the Insolation of the System, Host Customer shall notify Provider immediately and shall cooperate with Provider in preserving the System's existing Insolation levels. The Parties agree that (i) reducing Insolation would irreparably injure Provider, (ii) such injury may not be adequately compensated by an award of money damages, and (iii) Provider is entitled to seek specific enforcement of this Section 6.2(f) against Host Customer.

(g) Use of System. Host Customer will not use electrical energy generated by the System for the purposes of heating a swimming pool as described in Section 48 of the Internal Revenue Code.

(h) Financial Information. Host Customer understands that in order for Provider to make a determination that Host Customer is credit-worthy to purchase the Solar Services, Host Customer has previously made, or will make, available to Provider copies of its audited financial statements, if available, or reviewed financial statements for the past three years. As soon as available, but in any event within ninety (90) days after the end of each fiscal year, Host Customer shall provide Provider its audited financial statements, if available, or reviewed financial statements for each fiscal year during the Term. ~~Within five Business Days of Provider's request, Host Customer shall provide bank statements, financial reports (audited, if available, or reviewed) for the most recently ended fiscal year and quarterly financial reports for the current year-to-date and other reasonable evidence of its ability to meet its financial obligations hereunder.~~

ARTICLE 7– REPRESENTATIONS & WARRANTIES

7.1 Representations and Warranties of Both Parties. In addition to any other representations and warranties contained in the Agreement, each Party represents and warrants to the other as of the Effective Date that:

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(a) It is duly organized and validly existing and in good standing in the jurisdiction of its organization.

(b) It has the full right and authority to enter into, execute, deliver, and perform its obligations under the Agreement.

(c) It has taken all requisite corporate, municipal or other action to approve the execution, delivery, and performance of the Agreement.

(d) The Agreement constitutes its legal, valid and binding obligation enforceable against such Party in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws now or hereafter in effect relating to creditors' rights generally.

(e) There is no litigation, action, proceeding or investigation pending or, to the best of its knowledge, threatened before any court or other Governmental Authority by, against, affecting or involving any of its business or assets that could reasonably be expected to adversely affect its ability to carry out the transactions contemplated herein.

(f) Its execution and performance of the Agreement and the transactions contemplated hereby do not and will not constitute a breach of any term or provision of, or a default under, (i) any contract, agreement or Governmental Approval to which it or any of its Affiliates is a party or by which it or any of its Affiliates or its or their property is bound, (ii) its organizational documents, or (iii) any Applicable Laws.

(g) It has no knowledge of any facts or circumstances that could materially adversely affect its ability to perform its obligations hereunder, including its creditworthiness.

(h) Except as set forth herein, its execution and performance of the Agreement and the transactions contemplated hereby do not and will not require any consent from a third party, including any Governmental Approvals from any Governmental Authority.

(i) The information provided by such Party to the other Party pursuant to this Agreement as of the Effective Date is true and accurate in all material respects including data concerning energy usage for the Premises and construction drawings for the Premises in existence as of the Effective Date.

7.2 Representations of Host Customer. Host Customer represents and warrants to Provider as of the Effective Date that:

(a) Host Customer acknowledges that it has been advised that part of the collateral securing the financial arrangements for the System may be the granting of a first priority perfected security interest (the "Security Interest") in the System to a Financing Party.

(b) The granting of the Security Interest will not violate any term or condition of any covenant, restriction, lien, financing agreement, or security agreement affecting the Premises or the Host Customer Space.

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(c) Host Customer is not aware of any existing lease, mortgage, security interest or other interest in or lien upon the Host Customer Space that could attach to the System as an interest adverse to Provider's Financing Party's Security Interest therein.

(d) There does not exist any event or condition which constitutes a default, or would, with the giving of notice or lapse of time, constitute a default under this Agreement.

(e) Host Customer has disclosed to Provider any and all Hazardous Materials that exist at the Premises or the Host Customer Space that could reasonably be expected to impair or prevent installation, financing, testing, operation and/or removal of the System.

(f) Host Customer holds and is in compliance with all Governmental Approvals required for the current operations or activities conducted at the Host Customer Space.

(g) Host Customer is not aware of any conditions or installation requirements that would have a material adverse effect on the cost of installation of the System, the ability of the System to produce electricity once installed, or expenses associated with maintaining the System.

(h) Host Customer shall have provided Provider with written notice of any Host Customer requirements regarding the design and installation of the System that exceed the standards required by Industry Standards and Applicable Law.

(i) Host Customer (i) has title to or other valid property interest in the Premises such that Purchaser has the full right, power, and authority to enter into the this Agreement and the Premises Lease, or (ii) if Host Customer does not own the Premises or any improvement on which the System is to be installed, Host Customer has obtained all required consents to enter into this Agreement and the Premises Lease and to grant all rights set forth herein to Provider so that Provider may perform its obligations under this Agreement and the Premises Lease.

Any Financing Party shall be an intended third-party beneficiary of this Section 7.2 and of Exhibit A attached hereto and incorporated herein.

7.3 EXCLUSION OF WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH IN SECTIONS 3.1 AND 6.1 AND THIS SECTION 7, THE INSTALLATION WORK, SYSTEM OPERATIONS, AND SOLAR SERVICES PROVIDED BY PROVIDER TO PURCHASER PURSUANT TO THIS AGREEMENT SHALL BE "AS-IS WHERE-IS." NO OTHER WARRANTY TO PURCHASER OR ANY OTHER PERSON, WHETHER EXPRESS, IMPLIED OR STATUTORY, IS MADE AS TO THE INSTALLATION, DESIGN, DESCRIPTION, QUALITY, MERCHANTABILITY, COMPLETENESS, USEFUL LIFE, FUTURE ECONOMIC VIABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE SYSTEM, THE SOLAR SERVICES OR ANY OTHER SERVICE PROVIDED HEREUNDER OR DESCRIBED HEREIN, OR AS TO ANY OTHER MATTER, ALL OF WHICH ARE EXPRESSLY DISCLAIMED BY PROVIDER.

ARTICLE 8 – TAXES AND GOVERNMENTAL FEES

8.1 Host Customer Obligations. Host Customer shall reimburse and pay for any documented taxes, fees or charges imposed or authorized by any Governmental Authority and paid

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by Provider due to Provider's sale of the Solar Services to Host Customer (other than income taxes imposed upon Provider). Provider shall notify Host Customer in writing with a detailed statement of such amounts, which shall be invoiced by Provider and payable by Host Customer. Host Customer shall timely report, make filings for, and pay any and all sales, use, income, gross receipts or other taxes, and any and all franchise fees or similar fees assessed against it due to its purchase of the Solar Services. This Section excludes taxes specified in Section 8.2.

8.2 Provider Obligations. Subject to Section 8.1 above, Provider shall be responsible for all income, gross receipts, ad valorem, personal property or real property or other similar taxes and any and all franchise fees or similar fees assessed against it due to its ownership of the System. Provider shall not be obligated for any taxes payable by or assessed against Host Customer based on or related to Host Customer's overall income or revenues.

ARTICLE 9– FORCE MAJEURE

9.1 Definition. "Force Majeure Event" means any act or event that prevents the affected Party from performing its obligations in accordance with the Agreement, if such act or event is beyond the reasonable control, and not the result of the fault or negligence, of the affected Party and such Party had been unable to overcome such act or event with the exercise of due diligence (but without the requirement for the expenditure of any additional sums). Subject to the foregoing conditions, "Force Majeure Event" shall include without limitation the following acts or events: (i) natural phenomena, such as storms, hurricanes, floods, lightning, volcanic eruptions and earthquakes; (ii) explosions or fires arising from lightning or other causes unrelated to the acts or omissions of the Party seeking to be excused from performance; (iii) acts by third parties who are not acting under the direction of a Party; (iv) acts of war or public disorders, civil disturbances, riots, insurrection, sabotage, epidemic, pandemic (including the COVID-19 virus and any variants or derivatives thereof), terrorist acts, or rebellion; (v) strikes or labor disputes (except strikes or labor disputes caused solely by employees of Provider or as a result of such party's failure to comply with a collective bargaining agreement); and (vi) action or inaction by a Governmental Authority (unless Host Customer is a Governmental Authority and Host Customer is the Party whose performance is affected by such action nor inaction). A Force Majeure Event shall not be based on the economic hardship of either Party, or upon the expiration of any lease of the Premises by the Host Customer from the owner of the Premises.

9.2 Excused Performance. Except as otherwise specifically provided in the Agreement, neither Party shall be considered in breach of the Agreement or liable for any delay or failure to comply with the Agreement (other than the failure to pay amounts due hereunder), if and to the extent that such delay or failure is attributable to the occurrence of a Force Majeure Event; provided that the Party claiming relief under this Article 9 shall as soon as practicable after becoming aware of the circumstances constituting a Force Majeure Event (i) notify the other Party in writing of the existence of the Force Majeure Event, (ii) exercise all reasonable efforts necessary to minimize delay caused by such Force Majeure Event (without the requirement for the expenditure of any additional sums), (iii) notify the other Party in writing of the cessation or termination of said Force Majeure Event and (iv) resume performance of its obligations hereunder as soon as practicable thereafter.

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ARTICLE 10 – DEFAULT

10.1 Provider Defaults and Host Customer Remedies.

(a) Provider Defaults. The following events shall be defaults with respect to Provider (each, a "Provider Default"):

(i) A Bankruptcy Event shall have occurred with respect to Provider;

(ii) Provider fails to pay Host Customer any undisputed amount owed under the Agreement within thirty (30) days from receipt of notice from Host Customer of such past due amount; and

(iii) Provider breaches any material representation, covenant or other term of the Agreement and (A) if such breach can be cured within thirty (30) days after Host Customer's written notice of such breach and Provider fails to so cure, or (B) Provider fails to commence and pursue a cure within such thirty (30) day period if a longer cure period is needed.

(b) Host Customer's Remedies. If a Provider Default described in Section 10.1(a) has occurred and is continuing, in addition to other remedies expressly provided herein, and subject to Article 11 and the rights of any Financing Parties, Host Customer may terminate the Agreement and exercise any other remedy it may have at law or equity or under the Agreement. If Host Customer terminates the Agreement, except as expressly set forth herein, this Agreement shall be of no further force or effect and all rights, duties and obligations of Provider and Host Customer under this Agreement shall terminate, except for those that expressly survive termination of the Agreement. For the avoidance of doubt, Host Customer shall not be obligated to pay the Early Termination Fee the event of a termination by Host Customer due to a Provider Default pursuant to this Section 10.1(b).

10.2 Host Customer Defaults and Provider's Remedies.

(a) Host Customer Default. The following events shall be defaults with respect to Host Customer (each, a "Host Customer Default"):

(i) A Bankruptcy Event shall have occurred with respect to Host Customer;

(ii) Host Customer breaches any material representation, covenant or other term of the Agreement if (A) such breach can be cured within thirty (30) days after Provider's notice of such breach and Host Customer fails to so cure, or (B) Host Customer fails to commence and pursue said cure within such thirty (30) day period if a longer cure period is needed; provided, however, that there shall be no cure period for payment defaults;

(iii) Host Customer fails to pay Provider any undisputed amount due Provider under the Agreement within thirty (30) days from receipt of notice from Provider of such past due amount;

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(iv) Host Customer ceases to conduct business operations at the Premises;

(v) Host Customer makes a material change to the use of the Premises in a way that would have an impact on the operation of the System or on Host Customer's consumption of Solar Services so as to change Provider's economic benefits of this Agreement prior to such change;

(vi) Host Customer prevents Provider from installing the System or Host Customer otherwise performs or fails to perform in a way that interferes with Insolation to, or prevents the delivery of electric energy from, the System; or

(vii) Host Customer fails to obtain subordination, non-disturbance and attornment agreement(s) from a lien holder as required under the Premises Lease.

(b) Provider's Remedies. If a Host Customer Default described in Section 10.2(a) has occurred and is continuing, in addition to other remedies expressly provided herein, and subject to Article 11, Provider may exercise any remedy available at law or in equity whether or not this Agreement is terminated as a result of such Host Customer Default, including disruption damages as provided in Section 3.3. Provider may elect to terminate this Agreement as a result of such Host Customer Default effective upon written notice to Host Customer, and upon such termination the Early Termination Fee shall immediately be due and payable by Host Customer to Provider. If Provider terminates the Agreement, except as expressly set forth herein, this Agreement shall be of no further force or effect and all rights, duties and obligations of Provider and Host Customer under this Agreement shall terminate, except for those that expressly survive termination of the Agreement. In the event of a Host Customer Default for payment defaults, Host Customer agrees to pay all costs of collection including attorney's fees.

ARTICLE 11 – LIMITATIONS OF LIABILITY

11.1 Except as expressly provided herein, neither Party shall be liable to the other Party or its respective directors, officers, members, shareholders and employees for any special, punitive, exemplary, indirect, or consequential damages, losses or damages for lost revenue or lost profits, whether foreseeable or not, arising out of, or in connection with the Agreement. Nothing in this Article 11 shall limit Host Customer's obligation to pay an Early Termination Fee or any amounts owed pursuant to Section 3.3 above. In addition, Provider shall not be liable to Host Customer or any of its directors, officers, members, shareholders, contractors, subcontractors or employees ("Host Customer Parties") for any Losses arising from or in connection with an interruption of the Solar Services that is not proximately caused by an act or omission of Provider or any of its Affiliates or any of their respective agents, employees, representatives or contractors.

11.2 Except with respect to Provider's fraud or intentional misconduct, Provider's maximum liability to Host Customer under the Agreement shall be limited to the greater of (i) aggregate fees paid by Host Customer to Provider under this Agreement during the ~~six (6~~twenty-four (24) months preceding the date on which the claim arose, and (ii) to the extent insurance policies required under Article 16 provide coverage for such liabilities, the total proceeds paid to Provider by its insurers for claims filed in connection with such liabilities.

Commented [H5]: A six-month fee cap is insufficient for a 25-year agreement involving a 1.25 MW system. Twenty-four months provides more meaningful recourse for Host Customer.

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ARTICLE 12 – ASSIGNMENT

12.1 Assignment by Provider. Provider may sell, transfer or assign (collectively, an "Assignment") the Agreement or any interest therein, without the prior written consent of Host Customer; provided that (i) Provider shall provide Host Customer with written notice of any such Assignment at least thirty (30) days prior to the effective date thereof, and (ii) any assignee shall expressly assume in writing all of Provider's obligations under this Agreement arising from and after the effective date of such Assignment. The parties acknowledge that Provider may assign this Agreement without the consent of the Host Customer in connection with construction and/or permanent financing facilities, including without limitation structured tax equity and/or securitization financing. In the event that Provider identifies a secured Financing Party in Schedule 5 hereto, or in a subsequent notice to Host Customer, then Host Customer shall comply with the provisions set forth in Exhibit A hereto and agrees to provide such estoppels, financial information and acknowledgments as Provider may reasonably request from time to time within 10 days of Provider's request. Any Financing Party shall be an intended third-party beneficiary of this Section and Exhibit A11.2. Any Assignment by Provider of its entire interest in this Agreement made in accordance with this Agreement shall release Provider of its obligations hereunder arising from and after the effective date of such Assignment; provided that the assignee has expressly assumed such obligations in writing.

Commented [H6]: Host Customer should receive advance notice of assignments and assurance that the assignee will assume Provider's obligations, to protect against assignment to a less creditworthy or less capable entity.

12.2 Acknowledgment of Collateral Assignment. In the event that Provider identifies a secured Financing Party in Schedule 5 hereto, or in a subsequent notice to Host Customer, then Host Customer hereby acknowledges:

(a) the collateral assignment by Provider to the Financing Party, of Provider's right, title and interest in, to and under the Agreement, as consented to under Section 12.1 of the Agreement.

(b) that the Financing Party as such collateral assignee shall be entitled to exercise any and all rights of lenders generally with respect to Provider's interests in this Agreement.

(c) that it has been advised that Provider has granted a first priority perfected security interest in the System to the Financing Party and that the Financing Party has relied upon the characterization of the System as personal property, as agreed in this Agreement in accepting such security interest as collateral for its financing of the System.

Any Financing Party shall be an intended third-party beneficiary of this Section 12.2.

12.3 Assignment by Host Customer. Host Customer shall not assign the Agreement or any interest therein, without Provider's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. It shall be reasonable for Provider to withhold its consent to any assignment by Host Customer if such assignment is not to a successor owner of the Premises, or if Provider reasonably believes the intended assignee is not sufficiently creditworthy to perform Host Customer's obligations under this Agreement. Any Assignment by Host Customer without the prior written consent of Provider shall not release Host Customer of its obligations hereunder. Provider acknowledges and understands that Host Customer is in the process of negotiating a transaction with the Imperial County Healthcare District ("IVHD") for

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transfer of all or substantially all of the assets and business of Host Customer to IVHD. Provider agrees that, upon consummation of the transaction, IVHD will be a successor owner, and Provider shall approve of the assignment of this Agreement to IVHD, subject to all documents being executed necessary for the assumption by IVHD of obligations under this Agreement and the liens or Security Interest filed on or with respect to the System.

ARTICLE 13 – NOTICES

13.1 Notice Addresses. Unless otherwise provided in the Agreement, all notices and communications concerning the Agreement shall be in writing and addressed to the other Party (or Financing Party, as the case may be) at the addresses set forth in Schedule 5, or at such other address as may be designated in writing to the other Party from time to time.

13.2 Notice. Unless otherwise provided herein, any notice provided for in the Agreement shall be hand delivered, sent by registered or certified U.S. Mail, postage prepaid, or by commercial overnight delivery service, or transmitted by facsimile and shall be deemed delivered to the addressee or its office when received at the address for notice specified above when hand delivered, upon confirmation of sending when sent by facsimile (if sent during normal business hours or the next Business Day if sent at any other time), on the Business Day after being sent when sent by overnight delivery service (Saturdays, Sundays and legal holidays excluded), or five (5) Business Days after deposit in the mail when sent by U.S. mail.

13.3 Address for Invoices. All invoices under the Agreement shall be sent to the address provided by Host Customer. Invoices shall be sent by regular first class mail postage prepaid.

ARTICLE 14 – CONFIDENTIALITY

14.1 Confidentiality Obligation. If either Party provides confidential information, including business plans, strategies, financial information, proprietary, patented, licensed, copyrighted or trademarked information, and/or technical information regarding the financing, design, operation and maintenance of the System or of Host Customer's business ("Confidential Information") to the other or, if in the course of performing under the Agreement or negotiating the Agreement, a Party learns Confidential Information regarding the facilities or plans of the other, the receiving Party: (a) shall not disclose the Confidential Information to any third party, and shall protect the Confidential Information from disclosure to third parties with the same degree of care accorded its own confidential and proprietary information, and (b) shall refrain from using such Confidential Information, except in the negotiation and performance of the Agreement. Notwithstanding the foregoing, a Party may provide such Confidential Information to its officers, directors, members, managers, employees, agents, contractors, consultants, Affiliates, lenders (existing or potential), investors (existing or potential) and potential third-party assignees of the Agreement or third-party acquirers of Provider or its Affiliates (provided and on condition that such potential third-party assignees be bound by a written agreement restricting use and disclosure of Confidential Information) (collectively, "Representatives"), in each case whose access is reasonably necessary. Each such recipient of Confidential Information shall be informed by the Party disclosing Confidential Information of its confidential nature and shall be directed to treat such information confidentially and shall agree to abide by these provisions. In any event, each Party shall be liable (with respect to the other Party) for any breach of this provision by any entity

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to whom that Party improperly discloses Confidential Information. The terms of the Agreement (but not its execution or existence) shall be considered Confidential Information for purposes of this Article, except as set forth in Sections 14.2 and 14.4; provided, however, that Provider may submit this Agreement in connection with any application for interconnection, Environmental Attributes or Solar Incentives. All Confidential Information shall remain the property of the disclosing Party and shall be returned to the disclosing Party or destroyed after the receiving Party's need for it has expired or upon the request of the disclosing Party.

14.2 Permitted Disclosures. Notwithstanding any other provision herein, neither Party shall be required to hold confidential any information that:

(a) becomes publicly available other than through the receiving Party;

(b) is required to be disclosed by a Governmental Authority, under Applicable Law or pursuant to a validly issued subpoena or required filing, but a receiving Party subject to any such requirement shall promptly notify the disclosing Party of such requirement;

(c) is independently developed by the receiving Party; or

(d) becomes available to the receiving Party without restriction from a third party under no obligation of confidentiality.

14.3 Enforcement of Confidentiality Obligation. Each Party agrees that the disclosing Party would be irreparably injured by a breach of this Article by the receiving Party or its Representatives or other Person to whom the receiving Party discloses Confidential Information of the disclosing Party and that the disclosing Party may be entitled to equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Article. To the fullest extent permitted by Applicable Law, such remedies shall not be deemed to be the exclusive remedies for a breach of this Article, but shall be in addition to all other remedies available at law or in equity.

14.4 Tax Treatment. Notwithstanding anything to the contrary set forth herein or in any other agreement to which the Parties are parties or by which they are bound, the obligations of confidentiality contained herein and therein, as they relate to the transaction, shall not apply to the U.S. federal tax structure or U.S. federal tax treatment of the transaction, and each Party (and any employee, representative, or agent of any Party hereto) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax structure and U.S. federal tax treatment of the transaction. The preceding sentence is intended to cause the transaction not to be treated as having been offered under conditions of confidentiality for purposes of Section 1.6011-4(b)(3) (or any successor provision) of the Treasury Regulations promulgated under Section 6011 of the Code and shall be construed in a manner consistent with such purpose. In addition, each Party acknowledges that it has no proprietary or exclusive rights to the tax structure of the transaction or any tax matter or tax idea related to the transaction.

ARTICLE 15 – INDEMNITY

15.1 Indemnity. Subject to Article 11, each Party agrees that it shall defend, indemnify and hold harmless (the "Indemnifying Party") the other Party, their permitted successors and

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assigns and their respective directors, officers, members, shareholders and employees (collectively, the "Indemnified Parties") from and against any and all Losses incurred by such Indemnified Party arising from or out of any claim for any injury to or death of any Person or loss or damage to property of any Person to the extent such claims and/or Losses arise out of any breach of this Agreement or negligence or willful misconduct by the Indemnifying Party, except and to the extent such Loss is due to the negligence or willful misconduct of such Indemnified Party.[1]

ARTICLE 16 – INSURANCE

16.1 Generally. Host Customer and Provider shall each maintain the following insurance coverages in full force and effect throughout the Term either through insurance policies or acceptable self-insured retentions: (a) Workers' Compensation Insurance as may be from time to time required under applicable federal and state law (for Provider, Workers' Compensation Insurance will be through one of its affiliates), (b) Commercial General Liability Insurance with limits of not less than $2,000,000 general aggregate, $1,000,000 per occurrence, and (c) automobile liability insurance with commercially reasonable coverages and limits. Host Customer shall carry property loss insurance for the full replacement value of all improvements owned by Host Customer on the Property. Provider shall have the right to obtain the insurance of the kind and in the amounts provided for under this paragraph under a blanket insurance policy covering other properties as well as the Premises or pursuant to a corporate policy of self-insurance.

16.2 Certificates of Insurance. Each Party, upon request, shall furnish current certificates evidencing that the insurance required under Section 16.1 is being maintained. Each Party agrees to give the other Party thirty (30) days' written notice before the insurance is cancelled or materially altered.

16.3 Additional Insureds. Each Party's Commercial General Liability Insurance policy shall be written on an occurrence basis and shall include the other Party as an additional insured as its interest may appear.

16.4 Insurer Qualifications. All insurance maintained hereunder shall be maintained with companies either rated no less than A- as to Policy Holder's Rating in the current edition of Best's Insurance Guide (or with an association of companies each of the members of which are so rated) or having a parent company's debt to policyholder surplus ratio of 1:1.

16.5 Waiver of Subrogation. Each Party shall waive, and shall require its respective insurers to waive, rights of subrogation against the other Party on all required property and casualty policies including workers compensation where allowable by law. Unless and to the extent that a claim is covered by an indemnity set forth in this Agreement, each Party shall be responsible for the payment of its own deductibles.

ARTICLE 17 – MISCELLANEOUS

17.1 Integration; Exhibits. The Agreement, together with the Exhibits and Schedules attached thereto or incorporated by reference, constitute the entire agreement and understanding

[1] Note to Customer: Indemnification obligations already extend to breach, negligence and willful misconduct.

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between Provider and Host Customer with respect to the subject matter thereof and supersedes all prior agreements relating to the subject matter hereof which are of no further force or effect. The Exhibits and Schedules attached to the Agreement are integral parts of the Agreement and are an express part of the Agreement.

17.2 Amendments. This Agreement may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Provider and Host Customer.

17.3 Industry Standards. Except as otherwise set forth herein, for the purpose of the Agreement the common practice and normal standards of performance within the solar photovoltaic power generation industry in the relevant market at the time in question, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired results at a reasonable cost consistent with good business practices, reliability and safety, shall be the measure of whether a Party's performance is reasonable and timely. Unless expressly defined herein, words having well-known technical or trade meanings shall be so construed.

17.4 Cumulative Remedies. Except as set forth to the contrary herein, any right or remedy of Provider or Host Customer shall be cumulative and without prejudice to any other right or remedy, whether contained herein or not.

17.5 Sovereign Immunity. ~~If Host Customer is a governmental body or public entity, to the extent permitted~~Nothing in this Agreement shall be construed as a waiver by ~~Applicable Law,~~ Host Customer ~~hereby waives~~of any defense of sovereign immunity ~~that Host Customer might otherwise have in connection with any action taken by Provider to enforce its rights against Host Customer under this Agreement~~or other governmental immunity to which Host Customer may be entitled under Applicable Law.

Commented [H7]: As a California local health care district, Host Customer should not waive sovereign immunity. This protection is essential for public entities.

17.6 Limited Effect of Waiver. The failure of Provider or Host Customer to enforce any of the provisions of the Agreement, or the waiver thereof, shall not be construed as a general waiver or relinquishment on its part of any such provision, in any other instance or of any other provision in any instance.

17.7 Survival. The obligations under Sections 2.2 (Conditions of the Agreement Prior to Commercial Operation Date), Section 5 (Price and Payment), Sections 6.2(d), (e) and (f) (Host Customer Covenants), Section 7.3 (Exclusion of Warranties), Article 8 (Taxes and Governmental Fees), Section 10.2 (Provider Remedies), Article 11 (Limitations of Liability), Article 13 (Notices), Article 14 (Confidentiality), Article 15 (Indemnity), Article 17 (Miscellaneous), or pursuant to other provisions of this Agreement that, by their sense and context, are intended to survive termination of this Agreement shall survive the expiration or termination of this Agreement for any reason.

17.8 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State where the Premises is located, without reference to any choice of law principles. The Parties agree that the courts of the State of California and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement

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to the fullest extent permitted by Applicable Law. The Parties waive to the fullest extent permitted by Applicable Law any objection it may have to the laying of venue of any action or proceeding under this Agreement any courts described in this Section 17.8.

17.9 Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law and, if appropriate, such invalid or unenforceable provision shall be modified or replaced to give effect to the underlying intent of the Parties and to the intended economic benefits of the Parties.

17.10 Relation of the Parties. The relationship between Provider and Host Customer shall not be that of partners, agents, or joint ventures for one another, and nothing contained in the Agreement shall be deemed to constitute a partnership or agency agreement between them for any purposes, including federal income tax purposes. Provider and Host Customer, in performing any of their obligations hereunder, shall be independent contractors or independent parties and shall discharge their contractual obligations at their own risk.

17.11 Successors and Assigns. This Agreement and the rights and obligations under the Agreement shall be binding upon and shall inure to the benefit of Provider and Host Customer and their respective successors and permitted assigns.

17.12 Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

17.13 Electronic Delivery. This Agreement may be duly executed and delivered by a Party by execution and facsimile or electronic, "pdf" delivery of the signature page of a counterpart to the other Party.

17.14 Interpretation. This Agreement has been and shall be construed to have been drafted by all Parties to it so that the rule of construing ambiguities against the drafter shall have no force or effect.

17.15 Change in Law. "Change in Law" means (i) the enactment, adoption, promulgation, modification or repeal after the Effective Date of any Applicable Law or regulation; (ii) the imposition of any material conditions on the issuance or renewal of any applicable permit after the Effective Date of this Agreement (notwithstanding the general requirements contained in any applicable permit at the time of application or issue to comply with future laws, ordinances, codes, rules, regulations or similar legislation); or (iii) a change in any Local Electric Utility rate schedule or tariff approved by any Governmental Authority which, in the case of any of (i), (ii) or (iii), establishes requirements affecting owning, supplying, constructing, installing, operating or maintaining the System, or other performance of Provider's obligations hereunder and which has a material adverse effect on the cost to Provider of performing such obligations. If any Change in Law occurs that (a) is generally applicable to similarly situated electric generating facilities and (b) increases the capital, financing, operating or maintenance costs of the System, or otherwise has a material adverse effect on the cost to Provider of performing its obligations under this Agreement, then the Parties shall negotiate in good faith an equitable adjustment to the kWh Rate to compensate

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Provider for such increased costs over the remainder of the Term. If the Parties are unable to mutually agree on such an equitable adjustment within ~~thirty (30~~ninety (90) days, then ~~Provider~~either Party may terminate this Agreement upon ~~ten (10) day's~~ninety (90) days' written notice to ~~Host Customer~~the other Party without any cost or liability. If ~~Provider~~either Party terminates the Agreement pursuant to this Section, except as expressly set forth herein, this Agreement shall be of no further force or effect and all rights, duties and obligations of Provider and Host Customer under this Agreement shall terminate, except for those that expressly survive termination of the Agreement.

Commented [H8]: The original 30-day negotiation period and 10-day termination notice are unreasonably short. Both Parties should have the right to terminate, and the extended periods give a public entity adequate time to respond.

17.16 OFAC. Host Customer represents and warrants that (a) Host Customer and each person or entity owning an interest in Host Customer is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (b) none of the funds or other assets of Host Customer constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person (as hereinafter defined), (c) no Embargoed Person has any interest of any nature whatsoever in Host Customer (whether directly or indirectly), (d) none of the funds of Host Customer have been derived from any unlawful activity with the result that the investment in Host Customer is prohibited by law or that the Agreement is in violation of law, and (e) Host Customer has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term "Embargoed Person" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Host Customer is prohibited by law or Host Customer is in violation of law.

17.17 Non-Dedication of Facilities. Nothing herein shall be construed as the dedication by either Party of its facilities or equipment to the public or any part thereof. Neither Party shall knowingly take any action that would subject the other Party, or other Party's facilities or equipment, to the jurisdiction of any Governmental Authority as a public utility or similar entity. Neither Party shall assert in any proceeding before a court or regulatory body that the other Party is a public utility by virtue of such other Party's performance under this agreement. If Provider is reasonably likely to become subject to regulation as a public utility, then the Parties shall use all reasonable efforts to restructure their relationship under this Agreement in a manner that preserves their relative economic interests while ensuring that Provider does not become subject to any such regulation. If the Parties are unable to agree upon such restructuring, Provider shall have the right to terminate this Agreement without further liability.

17.18 Service Contract. The Parties intend this Agreement to be a "service contract" within the meaning of Section 7701(e) of the Internal Revenue Code of 1986. Host Customer shall not take the position on any tax return or in any other filings suggesting that it is anything other than a purchase of electricity from the System.

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17.19 Forward Contract. The transaction contemplated under this Agreement constitutes a "forward contract" within the meaning of the United States Bankruptcy Code, and the Parties further acknowledge and agree that each Party is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.

17.20 Third Party Beneficiaries. Except for assignees and Financing Parties of Provider, this Agreement and all rights hereunder are intended for the sole benefit of the Parties hereto and shall not imply or create any rights on the part of, or obligations to, any other Person.

17.21 Liquidated Damages Not Penalty. Host Customer acknowledges that the Early Termination Fee constitutes liquidated damages, and not penalties, in lieu of Provider's actual damages resulting from the early termination of the Agreement. Host Customer further acknowledges that Provider's actual damages may be impractical and difficult to accurately ascertain, and in accordance with Host Customer's rights and obligations under the Agreement, the Early Termination Fee constitutes fair and reasonable damages to be borne by Host Customer in lieu of Provider's actual damages.

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IN WITNESS WHEREOF and in confirmation of their consent to the terms and conditions contained in this Agreement and intending to be legally bound hereby, Provider and Host Customer have executed this Agreement as of the Effective Date.

~~SOLAR HOLDINGS 102 LLC~~SOLAR HOLDINGS 159 LLC	~~EL CENTRO REGIONAL MEDICAL CENTER~~ ~~PIONEERS MEMORIAL~~IMPERIAL VALLEY HEALTHCARE DISTRICT
By:_____ Name: Jeremy Conner Title: Authorized Signatory Date:	By:_____ ~~Name: Pablo Velez~~Name: [Authorized Signatory] Title: Chief Executive Officer Date:

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SCHEDULES

I. Schedule 1: Description of the Premises, System and Scope of Work

A. Premises	Physical Addresses: 1. ~~385 W. Main Street, El Centro, CA 92243~~207 W. Legion Rd., Brawley, CA 92227 ~~Parcel ID: 053-120-039~~Parcel ID: [TBD]
Site diagram attached:	X Yes ☐No
Location of Meter/ Electrical Room/Point of Interconnection:	TBD
Premises are leased by Host Customer **Lease termination date:**	
B. Description of Solar System	
Type:	~~grid-interconnected canopy and roof mount solar system~~grid-interconnected single-axis tracker ground-mounted solar system
Solar System Size:	~~99,300~~1,250,000 Watts (DC) (This is an estimate and not a guarantee of the System size; Provider may update the System Size prior to the Commercial Operation Date.)
Module:	Photovoltaic Solar Modules
Inverter:	String Inverters
C. Scope of Work	
Overview:	Design and supply grid-interconnected, ground mounted ~~or roof top~~ solar electric (PV) system
D. Anticipated Subsidy or Rebate	~~40%~~50% Investment Tax Credit

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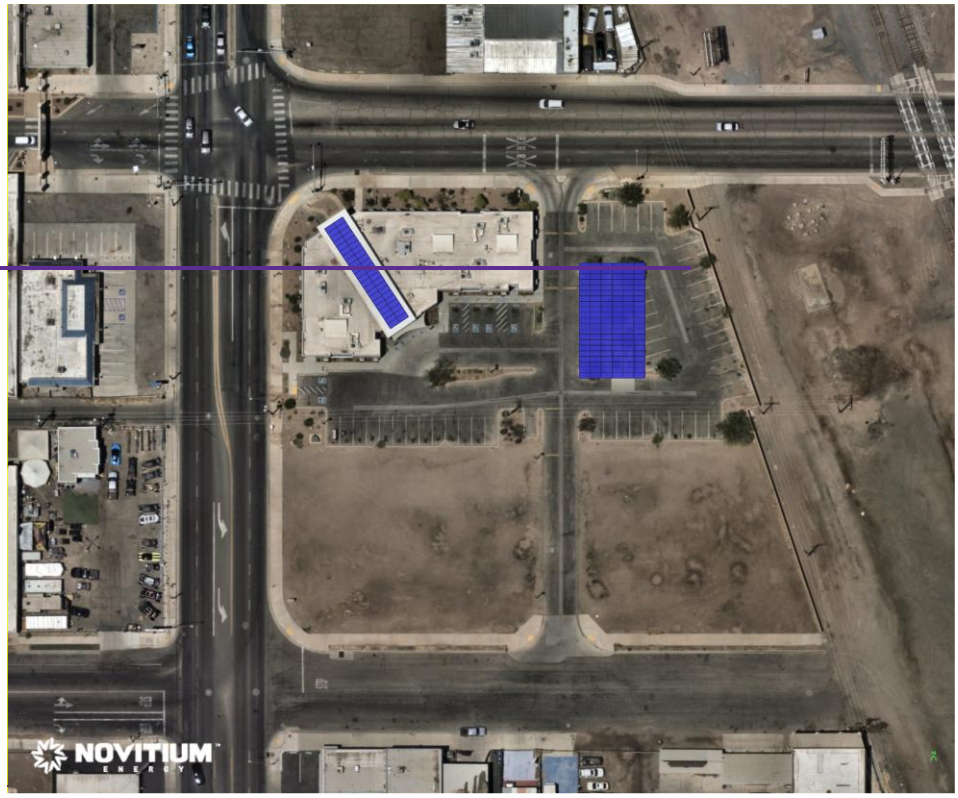

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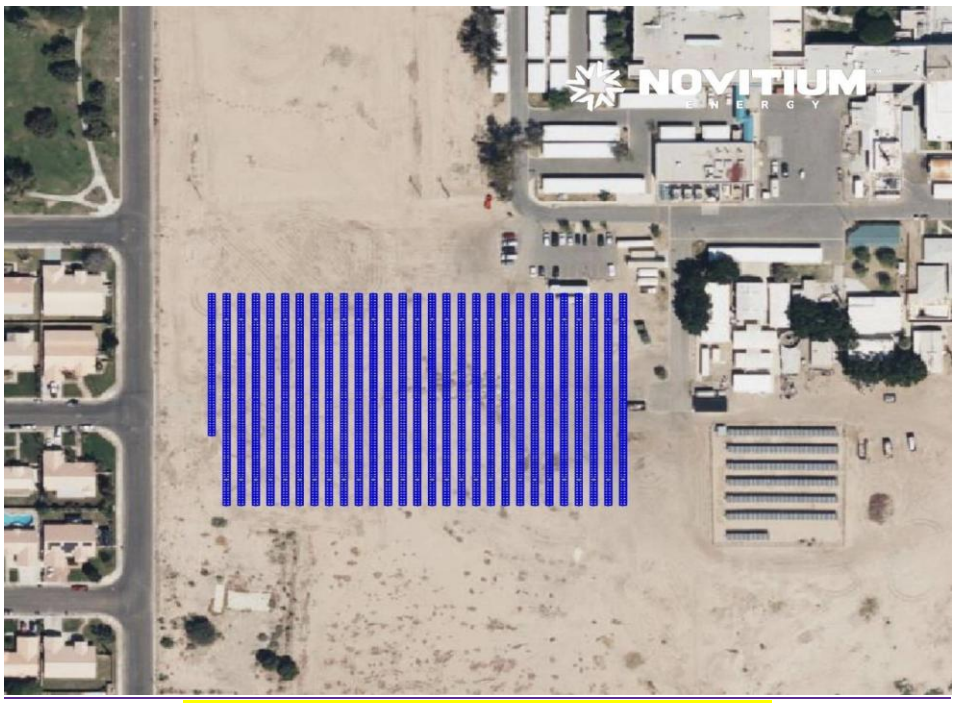

[Interconnection points to be added to System Depiction]

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II. Schedule 2 – kWh Rate[2]

The kWh Rate with respect to the System under the Agreement shall be in accordance with the following schedule:

Time Period	kWh Rate ($/kWh)
Contract Year 1	~~$0.1150~~ $0.0895
Contract Year 2	~~$0.1179~~ $0.0917
Contract Year 3	~~$0.1208~~ $0.0940
Contract Year 4	~~$0.1238~~ $0.0964
Contract Year 5	~~$0.1269~~ $0.0988
Contract Year 6	~~$0.1301~~ $0.1013
Contract Year 7	~~$0.1334~~ $0.1038
Contract Year 8	~~$0.1367~~ $0.1064
Contract Year 9	~~$0.1401~~ $0.1090
Contract Year 10	~~$0.1436~~ $0.1118
Contract Year 11	~~$0.1472~~ $0.1146
Contract Year 12	~~$0.1509~~ $0.1174
Contract Year 13	~~$0.1547~~ $0.1204
Contract Year 14	~~$0.1585~~ $0.1234
Contract Year 15	~~$0.1625~~ $0.1265
Contract Year 16	~~$0.1666~~ $0.1296
Contract Year 17	~~$0.1707~~ $0.1329
Contract Year 18	~~$0.1750~~ $0.1362
Contract Year 19	~~$0.1794~~ $0.1396
Contract Year 20	~~$0.1838~~ $0.1431
Contract Year 21	~~$0.1884~~ $0.1467
Contract Year 22	~~$0.1932~~ $0.1503
Contract Year 23	~~$0.1980~~ $0.1541
Contract Year 24	~~$0.2029~~ $0.1579
Contract Year 25	~~$0.2080~~ $0.1619

Host Customer acknowledges that the kWh Rate may increase if Provider is required to use union labor or pay prevailing wages.

During each year of the Renewal Terms, the kWh Rate shall increase by 2.5% over the kWh Rate during the immediately prior Contract Year on each anniversary of the Commercial Operation Date. Notwithstanding anything to the contrary in the Agreement, Host Customer shall pay for any energy generated by the System prior to the Commercial Operation Date pursuant to the payment provisions of Article 5.

[2] The parties acknowledge and agree that the kWh Rate may be adjusted based upon the final System Size.

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III. Schedule 3 – Early Termination Fee

The Early Termination Fee with respect to the System under the Agreement shall be calculated in accordance with the following:

Early Termination Occurs in Year:	Column 1 Early Termination Fee ($/Wdc including costs of removal)
Contract Year 1*	$4.68
Contract Year 2	$4.60
Contract Year 3	$4.51
Contract Year 4	$4.41
Contract Year 5	$4.31
Contract Year 6	$4.20
Contract Year 7	$3.78
Contract Year 8	$3.66
Contract Year 9	$3.53
Contract Year 10	$3.39
Contract Year 11	$3.24
Contract Year 12	$3.09
Contract Year 13	$2.93
Contract Year 14	$2.76
Contract Year 15	$2.58
Contract Year 16	$2.39
Contract Year 17	$2.20
Contract Year 18	$2.00
Contract Year 19	$1.79
Contract Year 20	$1.57
Contract Year 21	$1.34
Contract Year 22	$1.09
Contract Year 23	$0.84
Contract Year 24	$0.57
Contract Year 25	$0.29

At expiration (the end of the Initial Term), the amount in Column 1 shall be deemed to be zero (0).

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IV. Schedule 4 – Estimated Annual Production

Estimated Annual Production commencing on the Commercial Operation Date with respect to System under the Agreement shall be as follows:

Year of System Term	Estimated Production (kWh)	Year of System Term	Estimated Production (kWh)
Contract Year 1	~~168,810~~ 2,720,000	Contract Year 14	~~158,161~~ 2,548,410
Contract Year 2	~~167,966~~ 2,706,400	Contract Year 15	~~157,370~~ 2,535,668
Contract Year 3	~~167,126~~ 2,692,868	Contract Year 16	~~156,583~~ 2,522,990
Contract Year 4	~~166,290~~ 2,679,404	Contract Year 17	~~155,800~~ 2,510,375
Contract Year 5	~~165,459~~ 2,666,007	Contract Year 18	~~155,021~~ 2,497,823
Contract Year 6	~~164,632~~ 2,652,677	Contract Year 19	~~154,246~~ 2,485,334
Contract Year 7	~~163,809~~ 2,639,414	Contract Year 20	~~153,475~~ 2,472,907
Contract Year 8	~~162,990~~ 2,626,217	Contract Year 21	~~152,707~~ 2,460,542
Contract Year 9	~~162,175~~ 2,613,086	Contract Year 22	~~151,944~~ 2,448,239
Contract Year 10	~~161,364~~ 2,600,021	Contract Year 23	~~151,184~~ 2,435,998
Contract Year 11	~~160,557~~ 2,587,021	Contract Year 24	~~150,428~~ 2,423,818
Contract Year 12	~~159,754~~ 2,574,086	Contract Year 25	~~149,676~~ 2,411,699
Contract Year 13	~~158,955~~ 2,561,216		

The values set forth in the table above are estimates (and not guarantees), of approximately how many kWhs are expected to be generated annually by the System assuming the System Size indicated in Schedule 1. Provider may deliver to Host Customer an updated table upon the Commercial Operation Date based on the actual System size.

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V. Schedule 5 – Notice Information

Host Customer:

~~El Centro Regional Medical Center Foundation~~~~Pioneers Memorial~~ Imperial Valley Healthcare District
~~1415 Ross Avenue~~ 207 W. Legion Rd.
~~El Centro, CA 92243~~Brawley, CA 92227

Provider:

~~Solar Holdings 102 LLC~~Solar Holdings 159 LLC
Jeremy Conner, Authorized Signatory
701 Cooper Road, Suite 9
Voorhees, NJ 08043
jconner@novitiumenergy.com

Financing Party:
[To be provided by Provider when known]

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EXHIBIT A

Certain Agreements for the Benefit of the Financing Parties

Host Customer acknowledges that Provider will be receiving financing accommodations from one or more Financing Parties and that Provider may sell or assign the System or this Agreement and/or may secure Provider's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the System. In order to facilitate such necessary sale, conveyance, or financing, and with respect to any such Financing Party, Host Customer agrees as follows:

(a) Consent to Collateral Assignment. Host Customer consents to either the assignment, sale or conveyance to a Financing Party or the collateral assignment by Provider to a Financing Party, of Provider's right, title and interest in and to this Agreement.

(b) Notices of Default. Host Customer will deliver to the Financing Party, concurrently with delivery thereof to Provider, a copy of each notice of default given by Host Customer under the Agreement, inclusive of a reasonable description of Provider Default. No such notice will be effective absent delivery to the Financing Party. Host Customer will not mutually agree with Provider to cancel, modify or terminate the Agreement without the written consent of the Financing Party.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement:

i. The Financing Party shall be entitled to exercise, in the place and stead of Provider, any and all rights and remedies of Provider under this Agreement in accordance with the terms of this Agreement and only in the event of Provider's or Host Customer's default. The Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement and the System.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Provider thereunder or cause to be cured any default of Provider thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Provider under this Agreement or (unless the Financing Party has succeeded to Provider's interests under this Agreement) to perform any act, duty or obligation of Provider under this Agreement, but Host Customer hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the System, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Provider to the Financing Party (or any assignee of the Financing Party) in lieu thereof, the Financing Party shall give notice to Host Customer of the transferee or assignee of this Agreement. Any such exercise of remedies shall not constitute a default under this Agreement.

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iv. Upon any default not reasonably susceptible to cure by a Financing Party, including, without limitation, rejection or other termination of this Agreement pursuant to any process undertaken with respect to Provider under the United States Bankruptcy Code, at the request of the Financing Party made within ninety (90) days of such default, Host Customer shall enter into a new agreement with the Financing Party or its designee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. Host Customer will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Provider) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) the periods provided for in this Agreement. The Parties agree that the cure rights described herein are in addition to and apply and commence following the expiration of any notice and cure period applicable to Provider. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Provider Default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed additional ninety (90) days.

ii. If the Financing Party (including any purchaser or transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Provider's assets and shall, within the time periods described in subsection (d)(i). above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

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